

**NEW YORK CITY TAXI AND LIMOUSINE COMMISSION**

**Notice of Public Hearing and Opportunity to Comment on Proposed Rules**

**Notice is hereby given in accordance with section 1043(b) of the Charter of the City of New York (“Charter”) that the Taxi and Limousine Commission (“TLC”) proposes amendments to rules governing issuance and public sale of taxicab licenses.**

These rules are proposed pursuant to sections 1043 and 2303(b)(11) and of the Charter and sections 19-503 and 19-532 of the Administrative Code of the City of New York. These proposed rules were not included in the TLC’s regulatory agenda for Fiscal Year 2006 because the need for such rules was not anticipated at the time the regulatory agenda was published.

A public hearing on these proposed rules will be held by the TLC at its offices at 40 Rector Street, 5<sup>th</sup> Floor, New York, New York 10006 on April 4, 2006, at 9:30 a.m. Persons wishing to testify at the hearing may notify the TLC in advance, either in writing or by telephone to the TLC’s Office of Legal Affairs at the address and telephone given below. Any request for a sign language interpreter or other form of reasonable accommodation for a disability at the hearing must be submitted to the Office of Legal Affairs in writing, by telephone, or by TTY/TDD no later than March 28, 2006.

Written comments in connection with these proposed rules should be submitted to the Office of Legal Affairs and must be received no later than March 31, 2006 to:

**Charles R. Fraser**  
***Deputy Commissioner for Legal Affairs/General Counsel***  
**Taxi and Limousine Commission**  
**40 Rector Street, 5<sup>th</sup> Floor**  
**New York, New York 10006**  
**Telephone: 212-676-1117**  
**Fax: 212-676-1102**  
**TTY/TDD: 212-341-9596**

Written comments and a summary of all comments received at the hearing will be available for public inspection at that office.

## **Statement of Basis and Purpose of Proposed Rules**

The proposed rules would amend chapter 13 of the rules of the Taxi and Limousine Commission (“TLC”), governing the issuance and public sale of taxicab licenses, generally known as medallions.

The proposed rules would apply to the third round of taxicab license auctions authorized by chapter 63 of the laws of 2003 and section 19-532 of the New York City Administrative Code. The first two rounds of auctions were conducted in the spring and fall of 2004.

The proposed rules include a number of technical and terminological amendments to existing rules, as well as the following substantive amendments:

- The proposed rules would expressly allow a minifleet owner to bid on a single restricted medallion (alternative fuel medallion or accessible medallion) to be added to an existing minifleet, in order to expand the pool of eligible bidders.
- The proposed rules would eliminate the bidder’s option to submit a bond in lieu of a deposit. This proposed amendment is based on the fact that no bidder used the bond option in past auctions.
- The proposed rules would provide that tie bids will be decided by drawing at the public bid opening, regardless whether the bidders choose to attend the opening. This provision is intended to eliminate an unnecessary delay in the auction process.
- The proposed rule would clarify that a bidder’s failure to submit the required deposit within 30 days of notification of the winning bid, or to close on the bid within 60 days of the bid opening, would result in a disqualification of the winning bidder and forfeiture of all deposits. This provision is intended to ensure that winning bidders close on their bids promptly, and put their medallions into service promptly.
- The proposed rule would expressly provide that closing on a winning bid shall be scheduled only after the winning bidder demonstrates satisfaction with the requirements of medallion ownership and submits proof that the bidder has purchased a vehicle that is eligible for hack-up. This provision is intended to ensure that winning bidders promptly qualify to own medallions, and promptly put their medallions into service.
- The proposed rule would state expressly that a winning bidder must hack-up each purchased medallion to a taxicab no later than five business days after closing on the sale, to ensure that new medallions are put into service promptly.

- The proposed rule requires new fingerprints from any winning bidder who does not have fingerprints less than six months old on file with the TLC, rather than three years old as previously provided. The change is required by a procedural change in the New York State Division of Criminal Justice Services' processing of fingerprint

Section 1. Title 35, chapter 13 of the Rules of the City of New York is amended as follows:

[Deleted material is in brackets.]

New material is underscored.

§ 13-01 Definitions.

For purposes of this chapter:

- (a) “Accessible medallion” shall mean a taxicab license valid for use only with a vehicle accessible to a passenger using a wheelchair;
- (b) “Alternative fuel medallion” shall mean a taxicab license valid for use only with a vehicle powered by compressed natural gas or a hybrid electric vehicle;
- (c) “Chairperson” shall mean the Chairperson of the Taxi and Limousine Commission, as defined in section 2301(c) of the New York City Charter, or his or her designee;
- (d) “Commission,” “minifleet,” “taxicab,” and “taxicab license” shall have the meanings of those terms as defined in section 1-01 of this title .
- (e) “Hybrid electric vehicle” shall have the meaning of that term as used in section 19-533 of the Administrative Code and in section 3-01.1(b) of this title;
- (f) “Independent medallion” shall mean a taxicab license that must be owned by the owner of no more than one taxicab license, as provided by section 19-504(i) of the Administrative Code;
- (g) “Lot” shall mean one taxicab license, in the case of an independent medallion, and two taxicab licenses in the case of minifleet medallions; except that in a public sale of restricted medallions, where a bid is submitted by the owner of a minifleet, a lot may consist of either one or two taxicab licenses, at the bidder’s option;
- (h) “Minifleet medallion” shall mean a taxicab license that must be owned by the owner of more than one taxicab license, as provided by section 19-504(i) of the Administrative Code;
- (i) “Restricted medallion” shall mean either an accessible medallion or an alternative fuel medallion;
- (j) “Unrestricted medallion” shall mean a taxicab license that is not a restricted medallion.

§ 13-02 Issuance and Public Sale of Additional Taxicab Licenses.

- (a) In accordance with Administrative Code [§] section 19-532, the Chairperson may issue and sell additional taxicab licenses up to the number authorized by state and local law.
- (b) [Minifleet m]Medallions shall be sold in lots [of two (2) medallions. Independent medallions shall be sold in lots of one (1) medallion]. The ratio of minifleet medallions to [and] independent medallions shall be maintained in accordance with [local law]section 19-504(i) of the Administrative Code.
- (c) Only a person who owns no other medallions shall own an independent medallion. [This limitation shall not apply to the purchase of a restricted medallion.] Independent medallions shall be subject to the “owner must drive” requirements of section 1-09(b) of this title.
- (d) A minifleet medallion shall be owned only by a minifleet in which each officer, director or shareholder does not have a financial interest in any independent medallion. [This limitation shall not apply to the purchase of a restricted medallion.]
- (e) The terms and conditions for the public sale of licenses pursuant to this chapter shall provide that vehicles operated by or under agreement with the owners of such licenses shall be entitled to accept hails from passengers in the street in accordance with [§] section 19-504(a)(1) of the Administrative Code.
- (f) The [Commission]Chairperson shall place a public notice of the date and time upon which bids are due, the number of medallions to be sold, [and] whether those medallions shall be sold as restricted medallions, independent medallions or minifleet medallions, and [of] other terms of sale in the City Record for five (5) consecutive days, beginning not less than thirty (30) days prior to the deadline for bidding. In the event that the Chairperson shall, in his or her discretion, postpone the public sale, the [Commission]Chairperson shall place notice of such postponement of the sale in the City Record for five (5) consecutive days beginning at least ten (10) days prior to the new deadline for bidding, The Chairperson may place such additional notices in the City Record or other publications, as the Chairperson deems advisable.
- (g) Separate public sales may be conducted for [restricted] accessible medallions, alternative fuel medallions, unrestricted independent medallions, and unrestricted minifleet medallions.

[§ 13-02        Restricted Medallions.

- (a)    At each public sale the Commission shall establish a set-aside for the sale of medallions, whose terms of sale shall set forth certain restrictions pursuant to § 19-532 of the Administrative Code. Said medallions shall be referred to herein collectively as “restricted medallions.” The restricted medallion set-asides shall be as follows:
  - (i)     medallions exclusively for use with a vehicle fueled by either compressed natural gas (CNG) or hybrid electric sources; and
  - (ii)    medallions exclusively for use with a vehicle accessible to persons with disabilities, including wheelchairs.

Each medallion issued as a restricted medallion, if subsequently transferred to a new owner, shall remain subject to the restriction set forth herein.

- (b)    The minimum upset price for restricted medallions shall be determined by the Chairperson. The minimum upset price shall be set by publication in the City Record no less than ten (10) days prior to the deadline for submission of bids. Any bid received for less than the minimum upset price shall be rejected as non-responsive. The bidder shall not have an opportunity to correct the bid.]

§ 13-03        Sale by Sealed Bid.

- (a)    A bidder shall submit a sealed bid no earlier than three (3) business days prior and no later than 5:00 p.m. on the date set by the Chairperson as the deadline for bidding. A bidder shall submit each sealed bid by hand delivery, either in person or by an agent at the place designated by the [Commission]Chairperson. Bids shall be received between the hours of 9:00 a.m. and 5:00 p.m. Bids must be received by the [Commission] Chairperson no later than 5:00 p.m. on the deadline date. [Bidders] A bidder must submit a bid on a form approved by the [Commission]Chairperson, which is accompanied with the following: (i) a deposit of \$2,000 for [an independent medallion lot or \$4,000 for] each [minifleet] medallion [lot] for which a bidder submits a bid, in the form of a certified check, bank check, money order, or a check issued by a [Licensed T]taxicab [B]broker[’s] or taxicab [A]agent[’s] licensed by the Commission pursuant to chapter 5 or chapter 12 of this title, respectively, [check] payable to the “New York City Taxi and Limousine Commission”; and (ii) a letter of commitment for no less than eighty percent (80%) of the bid amount, issued by a bank or credit union licensed to do business in the State of New York or other lender licensed by the State of New York or the Federal Government. [In lieu of a letter of commitment, the bidder may submit a Bid Bond with each bid. The Chairperson shall prescribe the form of the bond, and a Surety Company authorized to do business in the State of New York shall issue the bond. Such Bid Bond shall

insure the City of New York to the extent of eighty percent (80%) of the bid amount. The Bid Bond shall assure the Taxi and Limousine Commission of the adherence of the bidder to the bid, if the bid is accepted.]

- (b) Each bid must be submitted in the 9" x 12" sealed envelope supplied by the [Commission] Chairperson on which the bidder shall indicate the following: (i) the bidder's name, address, phone number and date of sale, and (ii) whether the bid is for one or more lot(s) of minifleet medallions or for one lot of one independent medallion and (iii) whether the bid is for an unrestricted medallion lot, an alternative fuel [restricted] medallion lot or an accessible [vehicle restricted] medallion lot.
- (c) The minimum upset price for medallions to be sold shall be determined by the Chairperson. The Chairperson may establish different upset prices for accessible medallions, alternative fuel medallions, unrestricted independent medallions and unrestricted minifleet medallions. The minimum upset price shall be set by publication in the City Record no less than ten (10) days prior to the deadline for submission of bids. Any bid received for less than the minimum upset price shall be rejected as non-responsive. The bidder shall not have an opportunity to correct the bid.
- (d) On a date set by the [Commission]Chairperson, the bids shall be opened in public and the winning bids announced at the public sale. The winning bids shall be the highest [responsive] bids[, which] that are complete in accordance with the provisions of subdivision (a) of this section, and [which] are responsive as set forth in subdivision (c) of this section. The winning bidders shall be notified promptly by certified mail [and a closing date set as soon as practicable]. Tie bids will be decided with a drawing which shall be held [with tie bidders invited to witness the drawing. Said drawing may be held] at the bid opening [if all bidders or representatives are present]. Winning bids shall be published in the City Record and posted at the Commission's office and on the [TLC]Commission's website.
- (e) Within thirty (30) days of the [mailing of notification by certified mail pursuant to subdivision (d) the applicant] bid opening, each winning bidder shall file fingerprint records with the [Commission]Chairperson (unless such records are already on file with the [Commission]Chairperson and are less than [three years] six months old), and either (i) deposit \$25,000 in a certified check for [an independent] each medallion[, \$50,000 in a certified check for each lot of minifleet medallions] covered by the winning bid, or (ii) schedule a closing with the [Commission]Chairperson, for a date approved by the [Commission]Chairperson.
- (f) The ten (10) highest non-winning bids for unrestricted independent medallion[s] lots and the ten (10) highest non-winning bids for unrestricted minifleet lots shall be notified of reserve status. The five (5) highest non-winning bids for alternative

fuel medallion[s] lots and the five (5) highest non-winning bids for accessible medallion[s] lots shall also be notified of reserve status. Reserve status may be converted to a winning bid upon the failure of a winning bidder to comply with either subdivision (e) or subdivision (h) of this section [above or to close within sixty (60) days of the bid opening, unless said sixty (60) days be extended by the Chairperson for reasonable cause shown].

- (g) The rights of a winning bidder[(s)] are not assignable prior to the close of sale, [provided however,] except that such rights may be assigned to a corporation[, the] by a winning bidder who is a shareholder[s] of [which are the winning bidder(s)]such corporation.
- (h) Each winning bidder must demonstrate compliance with all of the requirements applicable for issuance of a taxicab license, and must submit proof of purchase of a vehicle eligible for hack-up pursuant to section 3-03 or section 3-03.1 of this title, before a closing can be scheduled. All sales shall close no later than sixty (60) days after bid opening unless extended by the Chairperson for reasonable cause shown.
- (i) All deposits [hereunder] of winning bidders shall be credited toward the sale price or, in the event the winning bidder does not meet the qualifications for issuance of a taxicab license [ownership], refunded to the bidder. [A] However, a winning bidder who fails to comply with the [provisions of] deadlines provided in subdivision (e) or subdivision (h) of this section [above] shall forfeit all deposits [hereunder]. The [Commission]Chairperson will return deposits of non-winning bidders.
- (j) In addition to the amount bid, [the highest] each winning bidder[s] will be responsible on the transfer closing date for any applicable taxes or fees, provided however, there will not be any medallion transfer tax collected for this initial issuance of medallions. Each medallion license shall be issued for two (2) years and all the required inspection fees shall be collected at closing.
- (k) [The Chairperson is authorized to delegate matters pertaining to the sale and to take such further measures as in his or her discretion may be appropriate to the timely, efficient and fiscally sound sale of the medallions; provided nothing herein shall authorize the Chairperson to waive or reduce any payment or deposit required of any prospective or winning bidder.]

Each medallion sold pursuant to this chapter must be hacked up, as that term is used in section 3-01(a) of this title, no later than the fifth business day following the day of the closing on the sale of the medallion.

- (l) Failure of a winning bidder to meet the deadlines provided in subdivision (e) or subdivision (h) of this section regarding a winning bid shall result in the disqualification of that bidder as to that winning bid .



§ 13-04 Classifications of Medallions

A medallion issued pursuant to this chapter as an accessible medallion, an alternative fuel medallion, an independent medallion, or a minifleet medallion shall remain so classified despite any change in ownership of the medallion after its issuance.