

## **NEW YORK CITY TAXI AND LIMOUSINE COMMISSION**

### **Notice of Promulgation of Rules**

Notice is hereby given in accordance with section 1043(b) of the New York City Charter (“Charter”) that the Taxi and Limousine Commission (“TLC”) promulgates amendments to rules regarding Medallion Taxicab Service and Street Hail Livery Service. The rule amendments make certain types of Taxicab leases more affordable for lessees, protect Drivers from overcharges under these leases, allow Taxicab lessors to make non-cash payments to Drivers and provide for an evening rush hour surcharge for Flat Rate trips between Manhattan and Kennedy Airport.

These rules are promulgated pursuant to sections 1043 and 2303 of the Charter and section 19-503 of the Administrative Code of the City of New York.

These rules were published on June 8, 2015, for public comment in the City Record. On July 16, 2015 a public hearing was held by the TLC at its offices at 33 Beaver Street, 19th Floor, New York, New York, 10004 and the rules were adopted by the Commission at a public meeting held on September 17, 2015. Pursuant to section 1043(e)(1)(c) of the Charter, these rules will take effect 30 days following publication in the City Record.

### **Statement of Basis and Purpose**

The Commission held a biennial review of the current fare and lease cap structure on April 2, 2015, as required under §52-04(b)(3-4) of the TLC Rules. These rule amendments are based on testimony and written comments received at the hearing, the review and analysis of Taxicab and Street Hail Livery (“SHL”) operations by TLC staff, and the solicitation of additional feedback from Drivers, taxi garage owners, and leasing Agents.

The amendments to the Medallion Taxicab Service rules:

- Allow Medallion Owners and Agents who offer an “all-in” lease, which includes both the lease of the Medallion and the conditional purchase of a vehicle, to extend lease terms beyond the current 156-week maximum and enable lessees to make smaller weekly payments;
- Cap the total amount that can be charged for the conditional purchase of the vehicle;
- Require lessors to produce and maintain more detailed receipts for payments towards the vehicle purchase;
- Permit non-cash payments from lessors to Drivers, provided that any alternative payment method is offered at no additional cost to the Driver;
- Provide for an evening rush hour surcharge for Flat Rate trips between John F. Kennedy Airport (“JFK”) and Manhattan; and
- Clarify which Sections of TLC Rules apply when leasing a hybrid taxicab.

The amendment to the SHL Service rules provides for an evening rush hour surcharge for Flat Rate trips from Manhattan to JFK.

## **Lease Caps for All-In Leases**

The amendments change the rules for long-term leases to allow Medallion Owners and Agents to extend lease terms for those agreements that include both the lease of a Medallion as well as the conditional purchase of a vehicle (commonly referred to as the "all-in lease"). Currently, Medallion Owners and Agents may charge a weekly amount, which is capped by TLC rule, for up to 156 weeks for an all-in lease. This weekly cap includes both the Medallion portion of the lease as well as payments towards the conditional purchase of the vehicle. Once all payments are made at the end of the current 156-week term, the vehicle title can pass to the Driver if the Driver so requests. Medallion Owners, Agents, and Medallion Drivers have expressed interest in extending payments over longer periods of time to reduce weekly payments under the all-in model.

Under existing rules, lessors cannot enter into conditional purchase agreements with Drivers that require more than 156 weekly payments. Accordingly, lessors are unable to offer lower weekly payments over a longer period of time. The amended rules will permit lease terms to be extended beyond the current 156-week maximum and enable lessees to make smaller weekly payments. The amended rules also establish a cap on the total amount that may be charged for the vehicle portion of the all-in lease. The current all-in lease cap, after the removal of the Medallion portion of the lease, permits up to \$42,900 in total payments over the course of 156 weeks for the purchase of the vehicle. Under the amended rules, no Owner or Agent lessor will be allowed to charge more than the total amount of \$42,900 for the vehicle portion of an all-in lease, irrespective of the term of the all-in agreement.

To protect drivers from lease overcharges, the amended rules include an additional itemized weekly cap of \$275 for the vehicle portion of the lease. These rules also amend the requirements relating to receipts lessors must give Drivers for weekly payments and maintain in their records for Commission inspection. Under this change, lessors must provide weekly to Drivers the following information:

- Receipt of that week's payment, itemized by the Medallion portion of the lease and the conditional vehicle purchase portion of the lease;
- The cumulative amount of payments toward the conditional purchase of the vehicle;
- The remaining balance on the conditional purchase of the vehicle; and
- The estimated number of remaining payments required for the conditional purchase of the vehicle under the current contract terms.

If lessors fail to include this information, they will be fined \$200. To ensure that lessors retain these documents, which TLC must inspect to investigate allegations of overcharges, lessors will be fined \$100 penalty for each missing document.

## **Non-Cash Payment Methods for Owner and Agent Lessors**

Medallion Owner and Agent lessors are required to remit to Drivers all passenger fares paid by credit card. TLC rules currently require that these payments be made in cash. Both Drivers and lessors have requested that these payments be permitted in forms other than cash. Given security concerns associated with requiring lessors to have large sums of cash on hand as well as similar

concerns with Drivers leaving garages after having been paid out in cash, the amended rules permit other forms of payment, such as payment by debit card, bank transfer, or check. The lessor's chosen form of payment must be offered at no cost to Drivers (for example, the lessor may not charge Drivers an administrative fee to process the payment and Drivers must have a reasonable method to access such reimbursements without incurring fees). Additionally, Medallion Owner and Agent lessors must continue to make the payments within the same time period required under current rules. For those lessors making electronic payments (for example, debit card or bank transfer), payment requests must be made to the bank or financial institution through which payments are made within the required time period.

Cashless payment can help streamline operations, allowing Fleets and Agents to reduce shift change times and enabling the exchange of vehicles between Drivers at off-site locations, both of which can help to expand Taxicab service to passengers at rush hour and provide additional fare opportunities to Drivers. Additionally, Drivers have responded positively to cashless payment provided in other parts of the City's for-hire industry. To ensure payment is made at no cost to Drivers, the amended rules add to the existing fine a penalty for an Owner or Agent who violates the rule requiring them to pay restitution to the Driver in the amount of any additional cost incurred by a Driver for payment. The amended rules also permit Drivers who lease Taxicabs on a weekly basis to choose to be paid out on a weekly basis, which conforms to current industry practice.

### **Rush Hour Surcharge for Flat Rate Taxi Trips between Manhattan and Kennedy Airport**

In 2004, the Commission established an evening rush hour surcharge for weekday trips between 4:00 PM and 8:00 PM. The intent of the surcharge was to encourage Drivers to provide taxi service when supply is insufficient to meet passenger demand. However, the current evening rush hour surcharge does not apply to Flat Rate trips between Manhattan and JFK. Because of the amount of time it takes to make the round trip to JFK, including time spent waiting in the central hold lot, Drivers lose out on money they could have made via the surcharge on metered fares. These losses are amplified by the additional travel time to JFK during rush hours as compared to non-rush hours (56 minutes vs. 41 minutes). Including waiting time at JFK between fares, the average amount of time spent traveling to JFK and returning back to Manhattan during the evening rush hours totals 3 hours.

To adequately compensate Drivers for the additional time it takes to complete trips between Manhattan and JFK during the evening rush hour, the rules are amended to provide an evening surcharge for these trips. TLC staff calculated that Drivers can complete 9 regular metered fares, netting an additional \$9 in rush hour surcharges, during the time it takes to complete flat rate trips to and from JFK during the evening rush hours. The amended rules provide a surcharge of \$4.50 per trip on all Flat Rate trips between Manhattan and JFK on weekdays between 4:00 PM and 8:00 PM.

In 2014, Taxis completed on average almost 2,000 trips between Manhattan and JFK each weekday between the evening rush hours of 4:00 PM and 8:00 PM. A rush hour surcharge on the JFK Flat Rate will adequately compensate drivers as they meet this high demand for transportation to JFK.

## **Rush Hour Surcharge for Flat Rate SHL Trips from Manhattan to Kennedy Airport**

The SHL Service Rules provide rates of fare for Hail Trips that mirror those in the Medallion Service Rules. Accordingly, the SHL rules provide for an evening surcharge for all metered trips on weekdays between 4:00 PM and 8:00 PM. Additionally, the SHL rules provide a Flat Rate for trips from the Manhattan Hail Zone to JFK. A review of LPEP records reveal a similar increase in the amount of time it takes a SHL Driver to complete a Flat Rate trip to JFK during rush hours as compared to non-rush hours. To adequately compensate SHL drivers as they complete Flat Rate trips from Manhattan to JFK during the evening rush hours, the amended rules provide a surcharge of \$4.50 per trip on weekdays between 4:00 PM and 8:00 PM.

The Commission's authority for these rules is found in section 2303 of the New York City Charter and sections 19-503 and 19-511 of the New York City Administrative Code.

New material is underlined.

[Deleted material is in brackets.]

Section 1. Subparagraph (i) of paragraph (2) of subdivision (c) of section 58-21 of Title 35 of the Rules of the City of New York is amended to read as follows:

- (i) The Standard Lease Cap for Hybrid Electric Taxicabs and Diesel-Fueled Taxicabs that are hacked-up under [ §§ ] Sections 67-05 or 67-05.1C of these Rules [or other applicable provisions of these Rules] and that meet the requirements of Section 19-533 of the Administrative Code are raised by \$3 per shift (\$21 per week), so that the lease amount for one shift must not now exceed:

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Section 2. Subparagraph (i) of paragraph (3) of subdivision (c) of section 58-21 of Title 35 of the Rules of the City of New York is amended to read as follows:

- (i) For a *Medallion-only* Hybrid Taxicab, Hacked-up under [ §§ ] Sections 67-05 or [other applicable provisions] 67-05.1C of these Rules and that meet the requirements of Section 19-533 of the Administrative Code is \$994 weekly.

Section 3. Subparagraphs (ii) and (iii) of paragraph (4) of subdivision (c) of section 58-21 of Title 35 of the Rules of the City of New York are amended to read as follows:

- (ii) The Standard Lease Cap under this section for a Taxicab Medallion and vehicle is
  - A. \$[1,269] 994 weekly for the lease of the Medallion, if the vehicle complies with the requirements of Sections 67-05 or [other applicable provisions] 67-05.1C of these Rules and meets the requirements of Section 19-533 of the Administrative Code, plus \$275 weekly for the portion of the lease covering the conditional purchase of the vehicle; or

- B. [\$1,227] 952 weekly for the lease of the Medallion, if the vehicle complies with the requirements of Sections 67-05.1 or 67-05.2 of these Rules, plus \$275 weekly for the portion of the lease covering the conditional purchase of the vehicle.
- C. This Standard Lease Cap [can be charged for a lease related to any one vehicle for up to 156 weeks, however it] cannot be charged at any time after title to the vehicle passes (or could have passed) to the lessee such that total payments by the lessee for the vehicle shall not exceed \$42,900.
- (iii) Title to the leased vehicle must pass to one or more of the lessees, if the lessees request, after [156 weeks, or after] all vehicle financing costs have been paid [, whichever is sooner]. The conditional seller is not required to transfer title if the lessees have failed to pay all payments due for the vehicle purchase and lease until all such payments have been made.

Section 4. Paragraphs (1), (2) and (3) of subdivision (f) of section 58-21 of Title 35 of the Rules of the City of New York are amended to read as follows:

(f) *Non-Cash Payments.*

- (1) For any lease of a Taxicab (vehicle and Medallion) under paragraph 58- 21(c)(1) or 58-21(c)(2), an Owner (or Owner’s Agent) must pay a Driver [in cash], on a daily basis, the total amount of all non-cash payments, including E-Payments through TPEP (if any), made during the Driver’s shift, less the \$.06 per trip driver health surcharge described in paragraph 58-21(f)(5) and, on and after January 1, 2015, the Taxicab Improvement Surcharge payable to the Taxicab Improvement Fund as set forth in Section 58-16[;]. Drivers leasing a Taxicab on a weekly basis under 58-21(c)(1)(i)E, 58-21(c)(1)(i)F, 58-21(c)(2)(i)E or 58-21(c)(2)(i)F may, at the Driver’s discretion, be paid on a weekly basis. Payments to a Driver and access to these funds must be provided at no cost to the Driver.
- (2) For any lease not described in paragraph (1), an Owner (or Owner’s Agent) must pay the Driver [in cash], on no less than a weekly basis, the total amount of all non-cash payments, including E-Payments through TPEP (if any), made during that period, less the \$.06 per trip driver health surcharge described in paragraph 58-21(f)(5) and, on and after January 1, 2015, the Taxicab Improvement Surcharge payable to the Taxicab Improvement Fund as set forth in Section 58-16. Payments to a Driver and access to these funds must be provided at no cost to the Driver.

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| §58-21(f)(1)&<br>(2) | Fine: \$100<br><u>In addition to the penalty payable to the Commission, the ALJ may order the Owner to pay restitution to the Driver, equal to the cost to the Driver.</u> | Appearance NOT Required |
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- (3) An Owner (or Owner’s Agent) must not withhold from the [cash] payments any credit card pass-along, fees or charges.

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| §58-21(f)(3) | Fine: First violation: \$200<br>Second violation: \$300<br>Third violation: \$500<br>In addition to the penalty payable to the Commission, the ALJ may order the Owner to pay restitution to the Driver, equal to the excess amount that was charged to the Driver. | Appearance Required |
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Section 5. The penalty provision of subdivision (g) of section 58-21 of Title 35 of the Rules of the City of New York is amended, and a new subparagraph (vi) is added to paragraph (3) of such subdivision, to read as follows:

(vi) For leases under paragraph 58-21(c)(4) of these Rules, the following additional information:

- A. The weekly amount received, itemized by the amount paid for the Taxicab Medallion portion of the lease and the amount paid for the conditional purchase of the vehicle;
- B. The cumulative amount paid towards the conditional purchase of the vehicle;
- C. The remaining amount to be paid for the conditional purchase of the vehicle; and
- D. The remaining number of weekly payments for the conditional purchase of the vehicle based on the current contract terms.

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| §58-21(g) | Fine: \$[50 plus driver gets free shift.] <u>200</u> |  |
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Section 6. Subdivision (c) of section 58-24 of Title 35 of the Rules of the City of New York is amended to read as follows:

- (c) All Owners must maintain the following additional records for a period of three years:
- (1) Drivers’ electronic and written trip records
  - (2) Receipts and disbursements from the Taxicab operations
  - (3) Payments to Drivers
  - (4) Mileage record of each vehicle
  - (5) Workers’ compensation insurance coverage, if any
  - (6) Liability insurance coverage

- (7) Leases entered into pursuant to 58-21(c)
- (8) Vehicle purchase agreements entered into pursuant to 58-21(c)(4)
- (9) Any other information required by the Commission

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| §58-21(c)(1)-<br>([7]9) | Fine: \$[50] <u>100</u> for [violation of] each<br>[subdivision hereof] <u>missing item.</u> | Appearance NOT Required |
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Section 7. Subdivision (b) of section 58-26 of Title 35 of the Rules of the City of New York is amended to read as follows:

(b) *Flat Rates [from] between Manhattan and Kennedy Airport.*

(1) *Flat Fare Rate [to] between Manhattan and Kennedy Airport.* The fare for a trip between Kennedy Airport and Manhattan will be a Flat Rate of \$52, plus any tolls and applicable surcharges.

(i) [NO] A rush hour surcharge of \$4.50 will be added to this Flat Rate for all trips beginning on a weekday after 4:00 p.m. and before 8:00 p.m. This surcharge will not be applied on legal holidays.

(ii) The MTA Tax must be charged in addition to the Flat Rate.

(iii) The Taximeter must reflect that this trip is a Flat Rate fare.

(2) *Calculating Fare for Multiple Stops to Manhattan.* If passengers request multiple stops on a trip from Kennedy Airport to Manhattan, the fare will be determined as follows:

(i) The first stop in Manhattan is paid as required by paragraph (1) of this subdivision [(a Flat Rate fare of \$52 plus tolls plus the MTA Tax)].

(ii) The Taximeter is then turned on as if for a new trip and a new fare is calculated as a regular metered trip.

(iii) The total metered fare (plus any surcharge) is paid at the last stop by the remaining passenger.

(iv) No fare is due at the time any other passengers are dropped off between the first and last passenger.

(v) Example: if three passengers request stops at 42nd St., 18th St. and 4th St.:

A. \$52.[5]00 plus the MTA Tax and any applicable tolls or surcharges will be collected at 42nd St.

- B. The Taximeter will be turned on at that point.
- C. When the second passenger exits at 18th St., the Taximeter remains on and no money is paid to the Driver.
- D. The passenger dropped off at 4th St. must pay the fare on the Taximeter.

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Section 8. Paragraph (1) of subdivision (b) of section 82-26 of Title 35 of the Rules of the City of New York is amended to read as follows:

- (1) *Flat Fare Rate from Manhattan.* The fare for a Hail Trip to Kennedy Airport from a location in Manhattan which is in the Hail Zone will be a Flat Rate of \$52, plus any tolls and applicable surcharges.
  - (i) [NO] A rush hour surcharge of \$4.50 will be added to this Flat Rate for all trips beginning on a weekday after 4:00 p.m. and before 8:00 p.m. This surcharge will not be applied on legal holidays.
  - (ii) The MTA Tax must be charged in addition to the Flat Rate.
  - (iii) The Taximeter must reflect that this trip is a Flat Rate fare.