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PUBLIC SERVICE COMMISSION

June 29, 2016

Hon. Thomas M. Middleton  
Chair, Senate Finance Committee  
Miller Senate Office Building, 3 East Wing  
11 Bladen Street  
Annapolis, MD 21401

Hon. Dereck E. Davis  
Chair, House Economic Matters Committee  
House Office Building, Room 231  
6 Bladen Street  
Annapolis, MD 21401

Re: *Final Report of the Public Service Commission in Public Conference 41 to Review the Regulation of Sedan, Limousine, and Taxicab Services*

Dear Chairmen:

In accordance with § 2-1246 of the State Government Article, *Annotated Code of Maryland*, the Commission submits the Final Report concerning Maryland Public Service Commission ("Commission") Public Conference 41, relating to the regulation of Taxicabs and Passenger-for-Hire Carriers. The Final Report includes the recommendations of the PSC Technical Staff ("Report") regarding the Commission's review of the regulation of sedan, limousine, and taxicab services.

As you know, Section 4 of Senate Bill 868 of 2015 required the Public Service Commission to "study the laws and regulations that apply to sedan services, limousine services, and taxicab services for purposes of modernizing and streamlining application processes and other requirements and allowing these services to better compete in the marketplace." As required by SB 868, on October 7, 2015, the Commission initiated Administrative Docket – Public Conference 41 (PC41) to solicit stakeholder comments and begin the required study. The Commission noted that although the Commission was already in the process of finalizing modifications to passenger-for-hire regulations relating to sedan, limousine, and Transportation Network Services to conform them to the statutory changes made by SB 868,<sup>1</sup> the Commission had not yet addressed its taxicab regulations.

The Commission received eight sets of written comments, which are available in the online docket for PC 41 at [www.psc.state.md.us](http://www.psc.state.md.us). The Commission's Technical Staff then convened a stakeholder workgroup twice, and solicited additional rounds of written feedback.

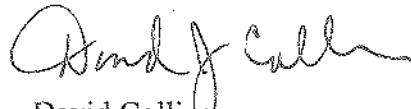
<sup>1</sup> The Commission's new passenger-for-hire regulations took effect on March 28, 2016.

After considering all stakeholder input, the Technical Staff submitted draft regulations as well as the enclosed Final Report. The Report recommends a comprehensive overhaul of the regulation of taxicab services in Baltimore City and Baltimore County. A draft of the proposed regulations is available in the online PC 41 docket. The Commission anticipates establishing a formal Rule Making to consider the proposed regulations. Local licensing authorities may also streamline their taxicab laws to enable better competition with other for-hire carriers, in accordance with their authority over taxicab services.

The Commission has not evaluated, addressed, or decided to support any of the recommendations of the Technical Staff's report or draft regulations. Although neither the Technical Staff nor the Commission recommend legislation at this time, the Commission looks forward to continuing to inform the General Assembly on these issues.

Please feel free to contact the Commission with any questions or if the Commission may be of further assistance.

By Direction of the Commission,

  
David Collins  
Executive Secretary

Enclosure

cc: Hon. Thomas V. Mike Miller  
Hon. Michael E. Busch  
Robert K. Smith  
Tamela Burt  
Sarah Albert

**FINAL REPORT OF THE TECHNICAL STAFF OF THE PUBLIC SERVICE  
COMMISSION OF MARYLAND  
REGARDING REGULATION OF  
FOR-HIRE AND TAXICAB TRANSPORTATION  
SERVICES**

**JUNE 29, 2016**

During the 2015 Session of the Maryland General Assembly, the legislature passed revisions to the Maryland Public Utilities Article addressing the Maryland Public Service Commission's ("Commission") regulation of Transportation Network Companies and other for-hire passenger carriers. Section 4 of the legislation requires that the Commission:

(1) study the laws and regulations that apply to sedan services, limousine services, and taxicab services for purposes of modernizing and streamlining application processes and other requirements and allowing these services to better compete in the marketplace; and

(2) on or before December 1, 2015, submit an interim report and, on or before July 1, 2016, submit a final report with any findings and recommendations, including legislative and regulatory actions, to the Senate Finance Committee and the House Economic Matters Committee, in accordance with § 2-1246 of the State Government Article.<sup>1</sup>

This Report is provided as a final report of the Technical Staff of the Commission in fulfillment of the requirements set forth in the legislation. As an initial matter, the Commission noted in the interim report issued in December 2015 that it was in the process of revising its passenger-for-hire regulations to address transportation network companies ("TNCs"), and otherwise conform them to the provisions of the 2015 legislation. That effort is now complete, and the passenger-for-hire regulation revisions were finalized at the Commission's rulemaking of March 2, 2016, with an effective date of March 28, 2016.

The Commission's review of taxicab regulations is ongoing. As stated in the interim report, the Commission initiated a public conference to consider its taxicab regulations (PC 41). Comments offered during the public conference revealed that significant updates to the taxicab regulations are necessary, and that there is scope for eliminating regulations that are no longer necessary. In addition, taxicabs are now subject to substantial competitive pressure from the entry of TNCs into Maryland's transportation markets. The Commission's regulations covering passenger-for-hire carriers were recently modified to address TNCs, and to modernize and streamline out of date provisions. The Commission found that similar modifications to its taxicab regulations would be useful to ensure a level competitive playing field for all forms of passenger-for-hire transportation, including taxicabs. As a result of the conference, the Commission directed its Staff to begin the process of revising the taxicab regulations, in consultation with affected stakeholders. Staff held meetings with stakeholders in January and February of this year.

After consulting with the stakeholders, Commission Staff revised draft regulations. One of the major concerns of the Commission, Staff, and the various stakeholders was to ensure that updated taxicab regulations maintain a level playing field for competition between taxicabs and other passenger-for-hire transportation options. The General Assembly also passed SB 0054/HB 0003 during the 2016 Session, which clarified or corrected elements of the 2015 legislation.<sup>2</sup>

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<sup>1</sup> Laws of Maryland 2015, Ch. 204, § 4.

<sup>2</sup> Laws of Maryland 2016, Ch. 16.

On June 14, 2016, Commission Staff filed proposed regulations. Technical Staff anticipates that the Commission will open a rulemaking to consider the proposed regulations in the near future. Accordingly, Technical Staff expects that final revised taxicab regulations will be in place in 2017.

In addition to ensuring a level competitive field between TNCs and taxicabs, the proposed regulations are also intended to streamline the regulation of taxicabs by removing a number of unnecessary and outdated regulatory requirements. However, the proposed regulations are also updated by adding a few new requirements, such as those addressing handicapped accessibility and non-discrimination.

Major modifications of the regulations include:

1. Regulations allowing licenses to be obtained through an electronic application filing (COMAR 20.90.01.01D) – this is an update, part of the application process streamlining, and necessary to match what is available to transportation network companies and their drivers.
2. Modification of the regulations describing the role of license hearing officers (COMAR 20.90.01.08) – these are modifications necessary to reflect the evolution of the role of the license hearing officer and public utility law judges during taxicab license appeals, complaint hearings, and other hearings affecting taxicab drivers.
3. Addition of provisions requiring a certain number of wheelchair accessible taxicabs (COMAR 20.90.02.16L) – these reflect requirements the Commission has developed through recent proceedings.
4. Additions of accessibility and non-discrimination provisions (COMAR 20.90.02.23) – this is both an update and a modification to conform the taxicab regulations to revisions to the passenger-for-hire/TNC regulations. Among other things, these regulations require taxicab companies to make their websites handicapped accessible, prevent certain types of common discriminatory behavior, require the accommodation of mobility aids and service animals whenever possible, the provision of accessibility and non-discrimination information to drivers, and taxicab association reporting on complaints and regulatory compliance regarding these provisions.
5. Regulations streamlining provisions regarding taxicab vehicles and equipment (COMAR 20.90.02.16) – In general, the modifications to these provisions were made to reflect the modern reality of taxicab operations and to eliminate requirements for certain equipment that is no longer optimal (i.e. CB radios), while explicitly allowing the use of smart phones, tablets, and computers for use as taxi meters, payment collection, and taxicab dispatch functions. The partitions that are currently required in Baltimore City taxicabs are proposed to become optional according to the operator's choice. (COMAR 20.90.02.16K) The definition of taximeters that the Commission may approve for use (COMAR 20.90.02.16G) has been broadened to reflect the possible use of smart phones, tablets, or GPS enabled devices, subject to Commission testing for accuracy. This revision would bring the taxicab regulations into conformance with both the 2016 legislation and the recent revisions to the passenger-for-hire regulations. The Commission

appreciates the General Assembly's efforts to make these revisions possible by making appropriate enabling changes to the Public Utilities Article.

6. Regulations extending the possible duration of temporary licenses and allowing drivers who have applied for a fingerprint background check to operate on a provisional basis (COMAR 20.90.01.09) – These changes were necessary to conform the application and licensing process for taxicab drivers to the treatment afforded TNC and other passenger-for-hire license applicants. A new COMAR 20.90.02.10B explicitly permits the use of smart phones, tablets, computers, and other electronic means of communication between taxicabs and their operators or dispatchers. This too is a change to match what is permitted for TNCs and passenger-for-hire drivers, and to reflect contemporary technology and driving conditions.

7. Regulations modifying and clarifying the definition of taxicab (COMAR 20.90.02.04B(12)) – the revised definition reflects the 2016 legislation and clarifies the distinction between taxicabs and TNC vehicles and other passenger-for-hire vehicles.

8. Repeal of regulations addressing form and display of permits cards (COMAR 20.90.02.13) – these provisions were repealed as part of the effort to streamline the regulations and eliminate unnecessary provisions.

9. Repeal and simplification of regulations pertaining to vehicle replacement (COMAR 20.90.02.16D) – most of this regulation was repealed in favor of a simplified requirement that taxicabs be less than 10 model years old. This was intended both to streamline the regulations and conform with the revised passenger-for-hire regulations.

10. Regulations requiring periodic testing of taximeters (COMAR 20.90.02.16G(2)) – modified from a 6 to 12 month interval between required Commission testing. This modification will also eliminate the annual inspection of a taxicab by a Commission representative. A taxicab will continue to be required to have an annual inspection performed by a facility licensed by the State to perform motor vehicle inspections. This was intended to conform with the revised passenger-for-hire regulations.

As noted previously, these modifications to the Commission's taxicab regulations are currently before the Commission in the form of proposed regulations. As such they remain subject to additional revisions, and the Commission may consider additional revisions that meet the goals of streamlining and updating the regulations, and keep the Maryland transportation market competitive between taxicabs, TNCs, and other forms of passenger-for-hire transportation.