

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 960
 SPONSOR: Senator Meek
 SUBJECT: Price Controls by Local Governments
 DATE: February 21, 2002 REVISED: 02/26/02 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Fav/1 amendment</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill authorizes local governments to regulate the lease prices charged to chauffeurs for licenses by license owners.

This bill amends s. 125.0103 of the Florida Statutes.

II. Present Situation:

Section 125.0103(1)(a), F.S., prohibits local governments from imposing price controls upon a lawful business activity which is not franchised by, owned by, or under contract with, the governmental agency, unless specifically provided by general law. However, s. 125.0103(1)(b), F.S., authorizes local governments to enact public service rates on the provision of the following activities:

- water,
- sewer,
- solid waste,
- public transportation,
- taxicab,
- port rates,
- rates for towing of vehicles from or immobilization of vehicles on private property, or
- rates for removal and storage of wrecked or disabled vehicles from an accident scene or the removal and storage of vehicles in the event the owner or operator is incapacitated, unavailable, leaves the procurement of wrecker service to the law enforcement officer at the scene, or otherwise does not consent to the removal of the vehicle.

Section 125.0103(1)(c), F.S., requires counties to establish maximum rates which may be charged on the towing of vehicles from or immobilization of vehicles on private property, removal and storage of wrecked or disabled vehicles from an accident scene or for the removal and storage of vehicles, in the event the owner or operator is incapacitated, unavailable, leaves the procurement of wrecker service to the law enforcement officer at the scene, or otherwise does not consent to the removal of the vehicle.

Subsections (2) through (7) address local government authority and responsibility as it relates to rent control and ordinances addressing the provision of affordable housing.

The Taxicab Industry in Miami-Dade County

The taxicab industry in Miami-Dade County is regulated by the Consumer Services Department (department), an administrative agency in Miami-Dade County. The department's responsibilities include processing, investigating, and enforcing all reports, and alleged violations of the Miami-Dade County Code as it relates to the taxicab industry. The department provides a system to handle and resolve complaints received from any source concerning the industry, as well as coordinating cooperative enforcement activities with municipalities. Additionally, the department prepares and implements, in coordination with and after consultation with the industry, amendments and modifications to administrative orders establishing fees for the industry.

Taxicab chauffeurs (chauffeurs) are duly licensed drivers registered with and authorized by the department to operate a for-hire passenger motor vehicle.

There are approximately between 1,800 and 1,900 for-hire licenses (licenses) outstanding in Miami-Dade County. An individual must obtain a license before being allowed to operate as a chauffeur. According to information from the department, approximately 70% - 80% of these licenses are not owned by chauffeurs. Thus, to operate as a chauffeur, an individual must obtain a license either by purchasing or leasing one from a license owner. After a license is issued, the department is statutorily prohibited from controlling the price at which it is resold or leased. According to figures recently compiled by the department, the average resale price of a license is between \$70,000 and \$90,000. Thus, the majority of chauffeurs cannot afford to purchase a license, and are forced to lease a license from a license owner.

Passenger Service Companies (PSCs) function as "middlemen" between license owners and chauffeurs. PSCs put license owners and chauffeurs who wish to lease licenses in touch with each other, and effectuate deals between the parties. Each leasing transaction involves three separate contracts; a contract between the license owner and the chauffeur; the license owner and the PSC; and the PSC and the chauffeur. These contracts generally specify the duration of the agreement, the compensation paid, and the party responsible for purchasing insurance and paying administrative fees. According to figures recently compiled by the department, the average lease price of a license is between \$200 and \$500 per week. Chauffeurs are almost always responsible for obtaining and paying for their car insurance, as insurance is almost never included in a lease agreement.

In addition, PSCs operate as home bases for the chauffeurs that they are under contract with. PSCs are responsible for the maintenance and advertising of a telephone number for receiving

calls related to for-hire taxi services, and providing two-way radio or cellular telephone dispatch services to chauffeurs. They are also responsible for handling passenger complaints, and maintaining a passenger lost and found. When an individual "calls a cab", it is a PSC that answers the phone and routes a taxicab to the desired location.

The department's goal is to move towards a "driver-operator" system, one in which chauffeurs own the licenses that they drive on. The rationale behind this is that if chauffeurs own their licenses, and are thus self-employed, they will have an incentive to maintain the quality of their work at a high level. Since 1998 the department has taken numerous steps to make the taxicab industry more equitable for chauffeurs. Among the changes that have been implemented, the department has established a procedure by which new licenses are issued directly to qualified chauffeurs via a lottery system. Under this policy, beginning January 1, 2001, 25 new licenses are issued on an annual basis until June 1, 2003, after which the number of new licenses issued will be determined on the basis of a for-hire vehicle-to-population ratio. However, the number of licenses outstanding must not exceed one vehicle per each 1,000 inhabitants of Miami-Dade County as determined by the U.S. census, or annual update by the appropriate agency of Miami-Dade County.

The Miami-Dade County Code governing the taxicab industry was recently amended to provide that chauffeur's contracts could be terminated only upon a showing of good cause, or upon giving 30 days prior notice. Before this amendment, chauffeur's contracts could be terminated at any time, and without notice. More recently, on November 6, 2001 an ordinance was passed which amended the Code to provide that a chauffeur must be allowed to make payment to a license owner or PSC utilizing a medium other than cash, and requiring that the chauffeur be provided with a written itemized receipt of the transaction. Prior to the passage of this ordinance many license owners and PSCs would accept only payments in cash, and provided either an inadequate receipt, or no receipt at all.

The Current Problem in Miami-Dade County

As previously noted, s. 125.0103, F.S., does not permit the imposition of price controls by a local government upon a lawful business activity unless expressly allowed. The lease prices that are charged by license owners and PSCs for the operation of a taxicab by a chauffeur fall within the reach of this prohibition. However, section 125.0103(b), F.S., exempts certain rates from this prohibition, and the rates that chauffeurs charge to passengers is excluded from this prohibition. Miami-Dade County regulates these rates. Currently, chauffeurs are prohibited from charging passengers more than \$1.50 for the first ¼ mile or less, .25 cents for each 1/8th of a mile or less thereafter, and .30 cents per minute for time spent waiting.

According to a memorandum issued by Mr. Steve Shiver, County Manager of Miami-Dade County, chauffeurs who are not license holders have expressed serious reservations about the prices that they pay to operate a taxicab. Based on data that the department has collected, the lease prices range between \$200 and \$500 per week. High lease prices have been a source of concern to the chauffeurs, and are currently claimed as an impediment to their sustenance. The events of September 11, 2001 have compounded this problem according to individuals from the department, and the Florida Division Service Employees International Union AFL-CIO-CLC Local 74 (Local 74). The economy of Florida is heavily dependent upon tourism, and the taxicab industry is no exception. The dramatic downturn in tourism experienced by the Miami-Dade

area has been felt strongly by the chauffeurs. According to Sal Alladeen, Assistant to the President of the Local 74, it is not uncommon to speak with chauffeurs who, despite working over 60 hours per week, are unable to make enough money to cover their lease fee at the end of the week. On October 23, 2001, the Board of County Commissioners of Miami-Dade County (Board) voted unanimously (10-0, 3 absent) on Resolution number R-1125-01, urging the State Legislature to amend section 125.0103(b), F.S., to authorize counties to regulate the lease prices charged for the operation of a taxicab. By amending the provisions of this statute, local governments would be in a position to establish mechanisms to prospectively address lease prices.

III. Effect of Proposed Changes:

Section 1 amends s. 125.0103(1)(b), F.S., to allow local governments to regulate the lease prices charged for the operation of a taxicab pursuant to a duly issued for-hire taxicab license.

Section 2 provides that this act shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

If local governments exercise the authority to regulate the lease prices charged for the operation of a taxicab, lease owners will not have the unrestricted ability to set the amount of lease prices.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Comprehensive Planning, Local and Military Affairs:

This amendment limits the application of the bill to Miami-Dade County.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
