

## STATEMENT OF ESTIMATED REGULATORY COSTS (“SERC”)

November 2016

### PROPOSED AMENDMENTS TO THE HILLSBOROUGH COUNTY PUBLIC TRANSPORTATION COMMISSION RULES (Rule 1-1.001(25) (e), 1-1.001(47), 1-3.001(5), 1-3.001 (9), 1-4.001(1), 1-5.001(4), 1-6.001(8), 1-7.001(5), 1-8.001(4)(b)(q), 1-9.001(6) (a)(b), 1-17.001(1) (d) (1-4) (d), 1-18.001(9), 1-20.001(4)(c))

#### *1. Executive Summary*

In 2016, the Hillsborough County Public Transportation Commission (the “PTC” or the “Commission”), proposed amendments to the PTC’s rules (Rule 1-1.001(25) (e), 1-1.001(47), 1-3.001(5), 1-3.001 (9), 1-4.001(1), 1-5.001(4), 1-6.001(8), 1-7.001(5), 1-8.001(4)(b)(q), 1-9.001(6) (a)(b), 1-17.001(1) (d) (1-4) (d), 1-18.001(9), 1-20.001(4)(c)), that would, *inter alia*, create a new class of Public Vehicles known as “Transportation Network Provider Non-Luxury Limousine” and a dynamic fare pricing method termed “Surge Pricing.” The amendments would also:

- permit taxicabs to operate as a Transportation Network Provider Non-Luxury Limousine by affixing a decal sticker to indicate validation;
- clarify Public Vehicle insurance certificate holder responsibility and coverage requirements;
- clarify locations where a Public Vehicle driver applicant is required to be photographed and submit fingerprints as part of the licensing process;
- require a Transportation Network Provider Non-Luxury Limousine to only accept payment for fares and compensation through means of the online digital application or platform of licensee;
- clarify the definition of “prearrange service” as it pertains to Transportation Network Provider Non-Luxury Limousine service;
- clarify the definition of a “Trade Dress” that may be used to identify a vehicle associated with a Transportation Network Provider Non-Luxury Limousine service;

- establish the maximum surge price that may be applied on transportation services provided by a Transportation Network Provider Non-Luxury Limousine service; and
- establish an annual fee for Transportation Network Provider Non-Luxury Limousine Vehicle Permits.

### *Commission*

By way of background, the Commission is an independent Special District created by a Special Act as amended, with rule-making authority, pursuant to Chapter 120 of the Florida Statutes, the Administrative Procedure Act (Section 5, 2001-299, Laws of Florida), to regulate vehicles for-hire, which include taxicabs, limousines, vans, basic life support ambulances, wrecker services that support government agencies, and non-consensual towing entities in the cities of Temple Terrace, Plant City, and City of Tampa.

### *Statement of Expected Regulatory Cost*

For the purpose of developing the Statement of Expected Regulatory Cost (“SERC”), we have collected and evaluated data to assess regulatory costs and other economic issues associated with the proposed new rules and amendments. We reviewed all the proposed new rules and amendments to the PTC Rules and analyzed if any of the changes incur current or prospective licensees any additional costs to obtain licenses as a direct result of the proposed rules. Moreover, as per the requirements of Chapter 120 of the Florida Statutes (F.S.), we have analyzed if any of the proposed changes may create additional costs to small business and other regulatory agencies that are tasked with regulating Public Vehicles in Hillsborough County.

Chapter 120 of the Florida Statutes sets out the procedures to be followed by regulatory agencies in the preparation, scheduling, development, public notice, and adoption of rules and revisions. Following procedures in F.S. section 120.541, the PTC has completed the analysis of estimated regulatory cost for the aforementioned proposed amendments to PTC Rules.

The PTC anticipates that the proposed rules will not result in a significant increase in the PTC's administrative costs or cause an adverse economic impact on current and prospective licensees. The ascertainable fiscal impact for the PTC is a \$100 administrative cost to issue each new Public Vehicle drivers' license. Current and prospective licensees are expected to incur a vehicle permit fee that will vary depending on the number of vehicles licensed and a cost to purchase a decal (\$550 each), which is incurred by taxicabs that are authorized to accept ridership requests generated by Transportation Network Provider Non-Luxury Limousine Certificate holders.

For these reasons, the PTC has determined it is unlikely the proposed rule changes will: (1) have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within five years after implementation; (2) have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets, productivity, or innovation in excess of \$1 million in the aggregate within five years after implementation; or (3) increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within five years after implementation

## ***2. Introduction and Background Information***

The PTC is comprised of representatives of Hillsborough County, and its three municipalities: Tampa; Plant City, and Temple Terrace. The PTC, as mandated by Chapter 2001-299 of the Laws of Florida as amended (hereafter the Special Act), is established to provide safety and protection to the citizens and travelers of Hillsborough County that utilize taxicabs, limousines, vans (15 passengers or less), basic life support ambulances and wreckers. The PTC is tasked with ensuring that vehicles, businesses, and drivers comply with the rules and regulations of the commission and any rules adopted in accordance with the

Special Act. The PTC also sets rates, fares, or charges, as established or approved by the Commission, to be paid by passengers for the transportation services provided by license holders.

In general, an agency is required to prepare a SERC to determine if the proposed rule will have an adverse impact on small businesses or if it will increase regulatory costs more than \$200,000 (in aggregate) within one year after implementation.<sup>1</sup> The SERC must include an economic analysis projecting a proposed rule's adverse effect on specified aspects of the state's economy or increase in regulatory costs. The economic analysis, mandated for each SERC, must analyze a rule's potential impact of over \$1 million over a five year period after the rule goes into effect.<sup>2</sup>

The SERC assessment also must include if the proposed amendments may incur any potential cost when implemented including the potential cost of compliance and licensing to current and prospective licensees, the possible regulatory cost to other jurisdictions that are involved in regulating licensees (other than the PTC), the impact of the proposed rules in reducing revenue streams to the counties and the State of Florida as a direct result of the proposed rules, and the general economic impact of the proposed amendments in the economic activities in Florida.<sup>3</sup>

F.S. section 120.541 sets forth the requirements that agencies must follow in preparing a SERC. Specifically, F.S. section 120.541(2)(a) through (f) provides that certain information must be addressed in preparation of a SERC analysis. F.S. section 120.545(1) (j) requires that the rule or revision must not impose regulatory costs upon the regulated entity which could be reduced by the adoption of a lower cost alternative and provides for such an alternative to be submitted in response to a rule. F.S. section 120.541 (a) provides for substantially affected persons to submit to a lower cost alternative. If a proposal for a lower cost alternative is submitted, the PTC is then directed to prepare a SERC, evaluate the proposed alternative, and either adopt the alternative or give reasons why it was not adopted. Presumably, the intent of this provision

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<sup>1</sup> F.S. section 120.541(1)(b),

<sup>2</sup>F.S. section 120.541(2).

<sup>3</sup> *Id.*

is to ensure that the PTC has access to, and has received information about potential lower cost ways of implementing the proposed rule revisions. At the time of this writing, no such proposal to the proposed rules has been submitted to the PTC.

Components required by F.S. section 120.541(2)(a) through (f) to be included in the SERC analysis are:

(a) An economic analysis showing whether the rule directly or indirectly:

1. Is likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within 5 years after the implementation of the rule;

2. Is likely to have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets, productivity, or innovation in excess of \$1 million in the aggregate within 5 years after the implementation of the rule; or

3. Is likely to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule.

(b) A good faith estimate of the number of individuals and entities likely to be required to comply with the rule, together with a general description of the types of individuals likely to be affected by the rule.

(c) A good faith estimate of the cost to the agency, and to any other state and local government entities, of implementing and enforcing the proposed rule, and any anticipated effect on state or local revenues.

(d) A good faith estimate of the transactional costs likely to be incurred by individuals and entities, including local government entities, required to comply with the requirements of the rule. As used in this section, “transactional costs” are direct costs that are readily ascertainable based upon standard business practices, and include filing fees, the cost of obtaining a license, the cost of equipment required to be

installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the rule.

(e) An analysis of the impact on small businesses as defined by F.S. section 288.703, and an analysis of the impact on small counties and small cities as defined in F.S. section 120.52. The impact analysis for small businesses must include the basis for the agency’s decision not to implement alternatives that would reduce adverse impacts on small businesses.

(f) Any additional information that the agency determines may be useful.

(g) In the statement or revised statement, whichever applies, a description of any regulatory alternatives submitted under F.S. Section 120.541(1)(a) and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule.

### ***3. Summary of Amended Rules and Effect of Rule Changes***

The review conducted under this SERC analysis includes the following rules:

I. PTC Rule 1-1.001(25)(e): creates the definition of “Transportation Network Provider Non-Luxury Limousine” as a vehicle which provides prearranged transportation through a digital application or platform of an individual, partnership, association, corporation, or other entity, which connects passengers to drivers and who receives at least a portion of the compensation for the transport.

- The proposed rule establishes the definition and operational requirements of “Transportation Network Provider Non-Luxury Limousine.” The cost associated to issue a new public vehicle driver license is expected to be \$100 per driver applicant. The total administrative cost to issue new public vehicle driver license is expected to vary depending on the number of driver applicants. However, the cost per driver the PTC will incur to issue these licenses is expected to remain unchanged.

- II. PTC Rule 1-1.001(47): creates the definition of “Surge Pricing” as the practice of applying a multiplier to the base fare rates utilized by a Transportation Network Provider Non-Luxury Limousine during periods of high demand for Transportation Network Provider Non-Luxury Limousine services.
- The proposed rule establishes a definition of “Surge Pricing” and its applicability on transportation service provided by Transportation Network Provider Non-Luxury Limousine. The proposed rule is not expected to cause the PTC to incur additional regulatory cost.
- III. PTC Rule 1-1.003(5): permits taxicabs to operate as Transportation Network Provider Non-Luxury Limousine pursuant to complying with the licensing requirements set out by the PTC.
- The proposed amendment enables taxicabs to accept rides generated by a Transportation Network Provider Non-Luxury Limousine entity. The amendment is not expected to cause the PTC to incur additional regulatory cost.
- IV. PTC Rule 1-3.001(9): creates a requirement that taxicabs operating as Transportation Network Provider Non-Luxury Limousine affix a decal to indicate the taxicab is approved by the PTC to provide Transportation Network Provider Non-Luxury Limousine service.
- The proposed amendment is proposed to allow easy identification of taxicabs that are approved by the PTC to accept ride requests that are generated through Transportation Network Provider Non-Luxury Limousine services. The amendment is not expected to cause the PTC to incur additional regulatory cost.
- V. PTC Rule 1-4.001(1): clarifies the insurance requirements of Public Vehicle certificate holders and provides an option that liability insurance coverage may be maintained by the driver, the Certificate holder, or a combination of the two.
- The proposed amendment clarifies insurance certificate holder responsibility and coverage requirement of a Public Vehicle. The cost to obtain the appropriate insurance coverage is

determined by an insurance company that provides such services. The proposed amendment is not expected to significantly increase insurance premiums of licensees. Moreover, the amendment is not expected to generate operational or regulatory costs to the PTC.

VI. PTC Rule 1-5.001(4): allows Public Vehicle Driver applicants to provide photograph and fingerprints from approved vendors in addition to the PTC and Hillsborough County Sheriff's Office (HCSO).

- The proposed amendment provides more options for applicants to provide photograph and fingerprints in order to comply with licensing requirements of the PTC. The amendment is not expected to generate operational or regulatory costs to the PTC and it is not expected to increase licensing cost for current or new Public Vehicle license applicants.

VII. PTC Rule 1-6.001(8): clarifies the methods in which Transportation Network Provider Non-Luxury Limousine accept payment for fares and compensation.

- The proposed amendment specifies Transportation Network Provider Non-Luxury Limousine can only accept payment for fares and compensation through means of the online digital application or platform of the licensed Transportation Network Provider Non-Luxury Limousine Certificate holder. The amendment is not expected to cause the PTC to incur additional regulatory costs.

VIII. PTC Rule 1-7.001(5): creates a definition of "prearranged service" as it applies to Transportation Network Provider Non-Luxury Limousine and clarifies that Transportation Network Provider Non-Luxury Limousine can only accept a prearranged service request for Public Vehicle service from a passenger through the online digital application or platform of the Certificate holder.

- The proposed rule defines "prearranged service" and specifies Transportation Network Provider Non-Luxury Limousine "prearranged service" can accept such a request only through their digital platform. The proposed rule is not expected to cause the PTC to



incur additional regulatory costs.

IX. PTC Rule 1-8.001(4)(q): creates a definition of “Trade Dress” and permits Transportation Network Provider Non- Luxury Limousine to use Trade Dress to lessen the problem of identifying vehicles that are associated with a Certificate holder.

- The proposed rule defines Trade Dress as a distinctive signage or display that is readily identifiable during daylight hours from a distance of 50 feet when the vehicle is not in motion and should be reflective, illuminated, or otherwise patently visible in darkness. The Trade Dress can also be a removable device that meets the identification and visibility requirements stated in the proposed amendments. The rule is not expected to cause the PTC to incur additional regulatory costs. The optional nature of the proposed rule relieves licensees from incurring any additional operational cost if licensees choose not to use trade dress to identify their vehicles.

X. PTC Rule 1-9.001(6)(b): permits Transportation Network Provider Non-Luxury Limousine Certificate holders to surge price.

- The proposed rule permits and clarifies the methods in which Transportation Network Provider Non-Luxury Limousine Certificate holders can surge price providing that the practice is allowed if such surge pricing is not in excess of ten (10) times its normal rate and has been filed with and approved by the PTC in advance; and is not utilized during times of an emergency declared by national, state, or local government which affects transportation. As such, the proposed rule is not expected to cause the PTC to incur additional regulatory cost, or licensees additional operating cost.

XI. PTC Rule 1-17.001(1)(d)(1-4): introduces a fee schedule for Transportation Network Provider Non-Luxury Limousine certificate holder vehicle permits and clarifies those taxicabs that are approved by the PTC to operate as Transportation Network Provider Non-Luxury Limousine are

not required to pay an additional fee for a Transportation Network Provider Non-Luxury Limousine vehicle permit.

- The proposed rule introduces a regressive annual vehicle permit fee for Transportation Network Provider Non-Luxury Limousine certificate holders. The annual vehicle permit fee schedule is structured in a way that will reduce vehicle permit fees pursuant to the growth of Certificate holder's vehicles. The vehicle permit fee does not apply to current taxicab licensees that are approved by the PTC to operate as Transportation Network Provider Non-Luxury Limousine. The administrative cost to issue a new public vehicle driver license will not change from the current \$100 per driver applicant. The administrative cost to issue new public vehicle driver license is expected to vary depending on the number of driver applicants. However, the cost per driver the PTC will incur to issue these licenses is expected to remain unchanged.

XII. PTC Rule 1-18.001(9): allows applicants for Certificate and Permits (Taxicab, Limousine, Van, Handicab, BLS ambulance or Wrecker) applicants for administrative change (name, ownership, location, other), applicants for additional Permits (Taxicab, Limousine, Van, Handicab, BLS ambulance or Wrecker), applicants for a Public Vehicle Driver license (PVDL) to provide photograph and fingerprints from approved vendors in addition to the PTC and Hillsborough County Sheriff's Office (HCSO).

- The proposed amendment provides more options for applicants to provide photograph and fingerprints in order to comply with licensing requirements of the PTC. The amendment is not expected to generate operational or regulatory costs to the PTC and it is not expected to increase licensing cost for current or new Public Vehicle license applicants.

XIII. PTC Rule 1-20.001(4)(c): clarifies that there is no minimum fare rate established for Transportation Network Provider Non-Luxury Limousines by the PTC.

The proposed amendment enables Transportation Network Provider Non-Luxury Limousines to establish their own minimum fare rate, in contrast with taxicabs that have an established maximum fare rate by the PTC. The amendment is not expected to generate regulatory costs to the PTC.

#### ***4. Required Components***

The Required Components F.S. Section 120.541(2), identifies seven components that must be included in a SERC analysis. Each of these components is addressed below.

- A. An economic analysis showing whether the rule directly or indirectly is likely: (1) to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within five years after implementation of the rule; (2) to have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets, productivity, or innovation in excess of \$1 million in the aggregate within five years after implementation of the rule; or (3) to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within five years after implementation of the rule.**

After analysis of all available economic data, the PTC has determined it is unlikely that the proposed rule changes will increase regulatory costs significantly, including transactional costs that are directly and indirectly related to the proposed amendments. As shown in Section 3 of this document, the majority of the proposed amendments do not require current or prospective licensees to incur additional costs, when compared to the current operating and licensing cost. Indeed, the proposed amendments are expected to facilitate more business opportunities in the private vehicle sector as a result of the introduction of new class of licenses, the anticipated ease of licensing, and clarity of the various classes of licenses.

The basis for this determination is discussion below.

**B. A good faith estimate of the number of individuals and entities likely to be required to comply with the rule, together with a general description of the types of individuals likely to be affected by the rule.**

The proposed rules would require current and prospective licensees to comply with the changes. However, the majority of the changes are in relation to the introduction of the new class of services - Transportation Network Provider Non-Luxury Limousines - and clarification as to licensing and operating requirements. Current licenses that will be affected by the new proposed or amended rules are taxicabs that elect to operate as Transportation Network Provider Non-Luxury Limousines. These taxicabs will be able to comply with the changes with a nominal cost incurred to purchase decals that will signify compliance with PTC rules and authorization to accept ridership requests generated by Transportation Network Provider Non-Luxury Limousines services. Licensees including drivers of public vehicles and owners and operators of the various classes of licenses issued and regulated by the PTC are also subject to the amended rules pertaining to additional locations the PTC will introduce that will enable applicants to obtain photographs and fingerprints that can be provided to the PTC. This change does not introduce additional cost to current or prospective licensees.

**C. A good faith estimate of the cost to the agency, and to any other state and local government entities, of implementing and enforcing the proposed rule, and any anticipated effect on state or local revenues.**

There are no direct costs related to the implementation or enforcement of the rules on either the PTC or any other state or local agency, and no effect on state or local revenues. Further, as the licensees that will be affected by the changes are regulated solely by the PTC, there will be no cost of implementation and enforcement anticipated that will affect state and local government entities. The changes also will not negatively affect the delivery of services by state agencies and will not otherwise divert state resources. The introduction of new licensing classes of public vehicles is expected to have a positive impact on state

and local revenues in the forms of licensing fees and other revenues that will be generated as a result of the standard business activities of certificate holders.

**D. A good faith estimate of the transactional costs likely to be incurred by individuals and entities, including local government entities, required to comply with the requirements of the rule. As used in this paragraph, “transactional costs” are direct costs that are readily ascertainable based upon standard business practices, and include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the rule.**

As a result of the introduction of a new class of public vehicle service called Transportation Network Provider Non-Luxury Limousines, new licensees are required to pay an annual vehicle permit fee of \$160.00 for the first 100 Transportation Network Provider Non-Luxury Limousine permits; \$125.00 per additional 101 through 250 permits; \$100.00 per additional 251 through 500 permits; and \$80.00 per additional over 500 permits. Taxicabs that are authorized to accept ridership requests generated by Transportation Network Provider Non-Luxury Limousines entities will be required to obtain a decal to signify authorization and compliance with PTC Rules. The above-licensing fees are the only costs that are originated as direct result of the proposed new rules. There are no other ascertainable costs that may be assessed upon a standard business practice. Moreover, current licensees would not be required to obtain new licenses or certifications, nor would any person or entity be required to pay additional fees or purchase new equipment.

The administrative cost to issue a new public vehicle driver license is expected to cost the PTC \$100 per driver-applicant. The administrative cost to issue new public vehicle driver licenses is expected

to vary depending on the number of driver applicants. However, the cost per driver the PTC will incur to issue these licenses is expected to remain unchanged.

Other local governments are not expected to incur any additional costs as a result of the rule changes.

**E. An analysis of the impact on small businesses as defined by F.S. section 288.703, and an analysis of the impact on small counties and small cities as defined by F.S. section 120.52. The impact analysis for small business must include the basis for the agency’s decision not to implement alternatives that would reduce adverse impacts on small businesses.**

A small business is defined in F.S. section 288.703(6), Florida Statutes, as “...an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than \$5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As applicable to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments.”

As such, most licensees are small businesses that meet the definition set forth above. However, there is no “adverse” impact on any of these licensees as a result of the changes to PTC Rules since proposed changes simplify definitions, create new licensing categories, and stipulate licensing and operational requirements of licensees. The only ascertainable costs that are introduced as a result of the proposed rules are annual vehicle permit fees for Transportation Network Provider Non-Luxury Limousines that are authorized to provide transportation service to ridership’s generated by Transportation Network Provider Non-Luxury Limousine Certificate holders. Both vehicle permit fees and the cost to purchase a decal are not expected to significantly impact the small businesses. Moreover, the annual vehicle permit fees are structured in a way that will encourage small business growth with a regressive licensing fee.

**F. Any additional information that the agency determines may be useful.**

None

**G. In the statement or revised statement, whichever applies, a description of any regulatory alternatives submitted under paragraph (1)(a) and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule.**

The PTC did not receive any submissions providing lower cost regulatory alternatives regarding the proposed amendments.