## STAFF REPORT

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| **Agenda Item:** | 5 | **Name:** | Clifton Curry |
| **Proposed No**.: | 2018-0582 | **Date:** | March 12, 2019 |

**SUBJECT**

AN ORDINANCE relating to transportation network companies vehicle endorsements.

**SUMMARY**

This ordinance would make changes to for-hire regulations in King County allowing licensed for-hire drivers to operate vehicles with County Transportation Network Company (TNCs) endorsements regardless of the vehicle’s ownership. Current County Code requires that for-hire drivers can only operate TNC endorsed vehicles if they own them. The Council adopted new regulations in September 2014 with Ordinance 17892[[1]](#footnote-1) that made changes to existing regulations for transportation companies and added new regulations affecting TNC organizations, drivers, and vehicles. King County has worked to conform its regulatory framework to the City of Seattle and the adopted ordinance conformed the county’s regulatory system to the regulations adopted by the City of Seattle for taxis, for-hire operators, and TNCs. This proposed legislation would have the county requirements conform to city requirements. The Committee was briefed on this Ordinance and a proposed Substitute Amendment at its February 12th meeting.

**BACKGROUND**

King County residents benefit from a healthy spectrum of transportation choices. Currently the region is served by taxis, for-hire vehicles, and limousines. In addition, there are also entrants in the market that offer opportunities for private citizens to use smartphone application-based technology (apps), and their phones’ GIS capabilities to pick up rides for fares or suggested donations. These new entrants have come to be known as Transportation Network Companies (TNCs), so as to not be confused with traditional rideshare programs, such as vanpools.

Taxis, for-hires, and limousines all operate under different regulatory structures. **TNCs have not been regulated in the State of Washington prior to 2014.** King County, the City of Seattle, and the Port of Seattle have worked over the years to regionalize taxicab regulations and licensing by developing consistent regulations and services across jurisdictions. This promoted public safety and customer service by standardizing fees, regulations, enforcement, and rate review procedures throughout King County.

In 1995, King County entered into an interlocal agreement with the City of Seattle, whereby King County manages all for-hire driver licensing functions for both jurisdictions while Seattle manages all taxicab licensing and inspection functions for both jurisdictions. In addition, King County has interlocal agreements with the Port of Seattle and 16 cities to provide taxicab and for-hire licensing services. Generally, King County Code and Seattle Municipal Code contain consistent provisions, thus allowing for continued joint regulatory efforts.

**City of Seattle Actions to Regulate For-Hire Industry.** On July 14, 2014, the Seattle City Council enacted Council Bill 118140, which adopted a variety of for-hire regulatory changes that had been developed by the Mayor and a working group of stakeholders. The measure was signed by the mayor on July 15, 2014. The adopted ordinance made significant changes to existing regulations related to driver background checks, training, and vehicle inspections, and consequently changed the requirements that the County would operate under if it continued with the 1995 Interlocal Agreement. The city ordinance did, however, make the new requirements consistent across the “industry.”

**Ordinance 17892—County For-Hire Regulatory Changes.** The County Council adopted Ordinance 17892 in September 2014. The County’s ordinance changed regulations for for-hire companies, drivers, and vehicles to conform to the elements adopted by the City of Seattle, requiring that all taxis, for-hire, and TNCs must have licensed drivers and vehicles.

As required by County Code, all new for-hire driver applicants are required to complete driver training and pass the for-hire driver examination. Additionally, all new and renewing applicants must pass an annual criminal background check and driving record review. Although there are other requirements associated with TNC vehicles, all must successfully complete an annual safety inspection performed by, or under the supervision of, an approved, certified master mechanic in order to receive a TNC vehicle endorsement. The County also requires that TNC vehicle endorsements be associated with the licensed for-hire driver by showing that the vehicle is registered to the driver. The City of Seattle does not have this requirement for TNC vehicle endorsements.

In 2017, a total of 63,550 TNC for-hire driver permit applications were received, and 27,842 unique TNC for-hire driver permits approved. In addition, the County provided TNCs with 28,758 TNC vehicle endorsements. This includes 4,351 endorsements for the City of Seattle only, four for the County only, and 24,403 that are endorsed for operation in both the City and the County.[[2]](#footnote-2)

**ANALYSIS**

This proposed Ordinance would change King County Code, eliminating the current requirement that a TNC vehicle endorsement would only be given to vehicles registered by the licensed for-hire driver. The new requirements would allow the County to issue TNC vehicle endorsements to TNC company vehicles that could then be operated by any licensed for-hire driver, even when the vehicle not owned by that driver. This proposed change would allow companies that own vehicles currently used for other transportation purposes (“car-share” vehicles for example) to also have permitted for-hire drivers use those vehicles as TNCs.

While the County and the City generally attempt to have their regulations conform, with the expansion of for-hire regulations to include TNCs in 2014, there are differences between County and City regulations. For example, City regulations associate a TNC vehicle endorsement with the vehicle,[[3]](#footnote-3) while the County requires that the endorsement be associated with the licensed for-hire driver by showing that the vehicle is registered to the driver[[4]](#footnote-4). This legislation would modify County Code and have it conform to City regulations. Both the vehicle and drivers would have to meet all other licensing standards—but drivers would no longer have to be the registered owner of the vehicle in order to operate the vehicle as a TNC.

At the Committee’s February 12th meeting, members asked whether the change proposed in this ordinance would affect TNC insurance requirements. According to the Executive, the changes will not affect the current code requirements related to insurance for TNC vehicles and drivers. In addition, members asked whether the proposed change would have an impact on the number of potential “entrants” to driving for TNC’s. Because the change in ownership requirements for TNC endorsements would be expanded if this ordinance is adopted, it appears that there would be opportunities for an increase in the number of new TNC drivers and the potential for more drivers in the County.

**AMENDMENT**

Based on discussions with the Executive, there is a proposed Striking Amendment (S2)[[5]](#footnote-5) and Title Amendment (T1). The Striking Amendment makes technical changes to the proposed language of the original ordinance to achieve the goal of allowing non-owners to operate TNC endorsed vehicles in the County—which would conform to City of Seattle regulations. In addition, the Striking Amendment includes language that parallels the City of Seattle requirements that TNC endorsed vehicles be no more than ten years old. The language in the amendment also includes changes proposed by the Legal Counsel. The adoption of this Striking Amendment would have the County fully conform to City regulations. If the Striking Amendment is adopted, a Title Amendment is also needed.

**INVITED**

1. Sean Bouffiou, Interim Deputy Director, Records and Licensing Services, Department of Executive Services

**ATTACHMENTS**

1. Proposed Ordinance 2018-0582
2. Striking Amendment S2
3. Title Amendment T1

1. Ordinance 17892 adopted September 15, 2014. [↑](#footnote-ref-1)
2. 2017 Annual Report, Taxi, For-Hire Vehicle and Transportation Network Company Regulation in King County, Department of Executive Services, Records and Licensing Services Division, April 30, 2018. [↑](#footnote-ref-2)
3. Seattle Municipal Code 6.310.327 D., Transportation Network Company (TNC) Vehicle Endorsement Eligibility and Applications. [↑](#footnote-ref-3)
4. K.C.C. 6.64.271. [↑](#footnote-ref-4)
5. Striking Amendment S2 replaces S1 as a result of changes recommended by Council Legal Counsel. The changes clarify language that was in Striking Amendment S1, heard at the Committee’s February 12th meeting. [↑](#footnote-ref-5)