



TO: T.C. Broadnax, City Manager
FROM: Danielle Larson, Tax & License Division Manager
 Andy Cherullo, Finance Director
COPY: City Council and City Clerk
SUBJECT: Ordinance – Amending Title 6B.220 For-Hire Regulations – June 30, 2015
DATE: June 15, 2015

SUMMARY:

Amending Title 6B.220 of the Tacoma Municipal Code (TMC) to: (1) align the City’s insurance requirement for Transportation Network Companies (TNC) with the newly adopted state insurance requirements; (2) clarify who will submit the license fee trip report every quarter; and (3) adding a requirement to return the for-hire plate to the City when the for-hire vehicle has been removed from service.

STRATEGIC POLICY PRIORITY:

The amendment to 6B.220 for insurance requirement enhances public safety by adding a higher amount of coverage to passengers riding in TNC vehicles. The amendment to the license fee trip report streamlines the reporting process providing easier administration of the license fee to the City, for-hire vehicle owners and for-hire transportation services companies.

BACKGROUND:

The City requires for-hire vehicle owners to obtain a license to operate in the City. The license application requires several conditions to be met prior to the license being issued. One of the requirements is that the for-hire vehicle has liability insurance that meets or exceeds the requirements of RCW 46.72.050. In the 2015 legislative session, the state passed an updated requirement on insurance levels for TNCs. Some of the state requirements are now higher than those in Tacoma’s TMC, others are lower.

ISSUE:

During the 2015 legislative session, the legislature passed ESSB 5550 establishing new insurance requirements for TNC vehicles to operate in Washington. The new requirement goes into effect on July 24, 2015. The table summarizes the current and proposed insurance requirements for TNC activity.

TNC Activity	City Requirement	New State Requirement/TMC Amendment
TNC vehicle logged into the network before a passenger is accepted	Liability Insurance no less than is required in RCW 46.72.050: combined single limit coverage of \$325,000 or split limit coverage of \$100,000/\$300,000/\$25,000 Underinsured motorist combined single limit of \$300,000 or split level of \$100,000 per person, \$300,000 per accident	Liability insurance no less than \$50,000/\$100,000/\$30,000
TNC vehicle in route to a passenger (accepted a passenger) and while a passenger is in the vehicle	Liability Insurance no less than is required in RCW 46.72.050: combined single limit coverage of \$325,000 or split limit coverage of \$100,000/\$300,000/\$25,000 Underinsured motorist combined single limit of \$300,000 or split level of \$100,000 per person, \$300,000 per accident	Combined single limit coverage in the amount of \$1M Underinsured motorist coverage in the amount of \$1M



The liability insurance requirement for non-TNC vehicles remains the same under RCW 46.72.050. The table summarizes the current City and State non-TNC vehicle insurance requirements.

Other For-Hire Activity	City Requirement	State Requirement (No Change)
All other For-Hire Vehicles while operating a For-Hire Vehicle (i.e. taxi)	Liability Insurance no less than is required in RCW 46.72.050: combined single limit coverage of \$325,000 or split limit coverage of \$100,000/\$300,000/\$25,000 Underinsured motorist combined single limit of \$300,000 or split level of \$100,000 per person, \$300,000 per accident	Liability Insurance no less than is required in RCW 46.72.050: combined single limit coverage of \$325,000 or split limit coverage of \$100,000/\$300,000/\$25,000

The amendments also include 1) clarifying language in 6B.220.140 that the for-hire transportation services company shall submit the quarterly \$0.10 ride fees for each of their affiliated vehicles rather than every for-hire vehicle owner submitting the report each quarter and 2) amending 6B.220.230 and 6B.220.390 to add that when a for-hire vehicle is removed from service the for-hire plate shall be returned to the City within five business days and when a summary suspension has been issued that the for-hire plate be returned within three business days and that if the plates are not returned within the required time it is considered a Class ‘B’ violation.

ALTERNATIVES:

If no amendments were made to 6B.220, then the City’s insurance requirements would not be consistent with the newly adopted state requirements. An option could be to leave the higher insurance requirements within the TMC and bring any lower requirements up to the state levels. This option has the potential to cause some TNCs to leave the Tacoma market.

RECOMMENDATION:

City staff recommends the City Council adopt amendments to 6B.220. The amendment would align the City for-hire vehicle insurance requirements with state requirements; provide easier administration and lower costs to the for-hire TNCs.

FISCAL IMPACT:

None.