



FREQUENTLY ASKED QUESTIONS

Chapter 46 Related to Vehicles-for-Hire

Amendments Approved 8/6/2014

Q: What is a vehicle-for-hire?

A: A vehicle-for-hire is a vehicle used for the provision of transportation services to the general public in exchange for compensation. Taxicabs, limousines, pedicabs, sightseeing and charter vehicles, jitneys, low speed shuttles and transportation network companies (UberX, Lyft, etc.) are all different kinds of vehicles-for-hire. Traditional car-pooling or ride-sharing arrangements in which friends, neighbors or co-workers share driving duties and the cost of gasoline are not considered vehicles-for-hire by the City of Houston.

Q: What is a Transportation Network Company?

A: Transportation Network Companies (TNCs) are those that provide prearranged transportation services for compensation using an internet-enabled application or digital platform to connect passengers with drivers that use their personal vehicles to provide vehicle-for-hire services.

Q: What is a Mobile Dispatch Service?

A: Mobile Dispatch Services (MDSs) are scheduling services that enable prospective passengers to request pre-arranged transportation services from taxicabs and limousines using an internet-enabled app or digital platform.

Q: Why did the City change the ordinance to regulate TNCs and MDSs?

A: The City of Houston approved new regulations to protect public safety and improve customer service by expanding existing vehicle-for-hire regulations to allow innovative new transportation services to operate in Houston. The City conducted a thorough, year-long, national review of best practices and demand and supply data across multiple jurisdictions to assess the current state of the vehicle-for-hire industry as well as the potential effects of new technologies on existing transportation options. This fact-based, data-driven analysis was used to recommend a regulatory framework that accomplished the City's public safety and customer service goals related to vehicles-for-hire.

Q: Will TNCs and MDSs have to conform to the same public safety requirements and operating requirements the incumbent drivers and permittees?

A: Yes. Following are the minimum operating requirements for all vehicle-for-hire operators and/or drivers, including TNCs and MDSs:

- Fingerprint criminal background checks
- Vehicle inspections for roadworthiness

- Vehicle age limits
- Commercial automobile liability insurance
- Pre-licensing physicals for drivers
- Pre-licensing warrant checks for drivers
- Pre-licensing drug testing for drivers
- Driver training
- Limitation on driver hours
- Proof of rendition and payment of ad valorem taxes for vehicle-for-hire business assets (vehicles)
- Payment of permit and licensing fees to the City
- Place of business within the greater metropolitan area
- Fare certainty

Q: Will Uber and Lyft be required to pay fees?

A: Yes. The ordinance requires a fee of 2% of gross receipts to be paid by all TNCs.

Q: When will the ordinance be effective? Will all parts of the ordinance be effective immediately?

A: Most of the ordinance amendments became effective on August 6, 2014 with the exception of:

- GPS/Credit Card system implementation requirements become effective 180 days after the effective date of the ordinance (February 2, 2015);
- MDS and TNC requirements become effective 90 days after the effective date of the ordinance (November 4, 2014).

Q: Will TNCs and MDSs be required to carry commercial insurance?

A: Yes. MDSs dispatch taxicabs and limousines that are already permitted and covered by commercial insurance. The approved ordinance requires TNCs to maintain at least the following minimum coverage:

- Commercial automobile liability insurance as required in the Texas Motor Vehicle Safety Responsibility Act covering passengers and third parties during the time a driver is logged into the app and available to provide VHF services on the network, but has yet to accept a trip;
- Commercial automobile liability insurance with a combined single limit of \$1 million per accident, covering passengers and third parties from the time a driver is matched with and accepts a trip request until “the completion of the trip including the drop off of passenger(s) at their final destination...regardless of whether a driver is logged onto the TNC’s internet-enabled application or digital platform at any point following the acceptance of the trip request”

Q: Can a taxicab vehicle be used part-time as a TNC vehicle?

A: No. If a driver wishes to use his taxicab vehicle as a TNC vehicle, all taxicab lettering and equipment must be removed from the vehicle.

Q: Why can't I hail a TNC on the street, or walk up to a known TNC vehicle and ask for a ride?

A: Personal automobile insurance policies contain a "livery exclusion" excluding any commercial use of a personal vehicle from coverage. For this reason, TNC customers should only take a trip that has been booked through the company's digital platform or smartphone app, and should ensure the driver is using the TNC app instead of some other, personal means of booking the trip. TNC drivers relying on personal insurance alone, without additional commercial insurance, could potentially be providing service without any insurance coverage for their customers, putting themselves, their passengers, and third parties at substantial risk. **It is illegal for a TNC driver to transport a passenger, for compensation, if the trip was not initiated through the app.**

Q: Will any vehicles-for-hire be required to provide wheelchair accessible vehicles under the proposed ordinance?

A: Yes. Under this ordinance, the City is required to achieve a minimum number of wheelchair accessible vehicles (WAVs) – 3% of the entire vehicle-for-hire fleet (including taxicabs, limousines, TNCs, etc) – by August 6, 2015. The ordinance also establishes a 5% goal for WAVs across all vehicle-for-hire categories by August 6, 2017.

Q: Please summarize all the changes that were approved in this ordinance to address City Council's concerns related to wheelchair accessible vehicles.

A: This ordinance addresses the issue in multiple ways:

1. The ordinance imposes a requirement that at least 3% of the vehicle-for-hire fleet be comprised of wheelchair accessible vehicles by August 6, 2015.
2. The ordinance establishes a goal that at least 5% of the vehicle-for-hire fleet be comprised of wheelchair accessible vehicles by August 6, 2017.
3. The ordinance incentivizes the retrofit of vehicles-for-hire to wheelchair accessible vehicles by extending the vehicle age limit for vehicles used as wheelchair accessible vehicles, thereby allowing owners of those vehicles to recoup the substantial additional investment required for the retrofit.
4. The ordinance establishes the Houston Transportation Accessibility Task Force to study the vehicle-for-services provided in Houston and provide recommendations to the Mayor and City Council regarding opportunities to improve or refine local regulatory controls on vehicles-for-hire that impact the provision of transportation services to persons with disabilities.

5. The ordinance includes strong anti-discrimination provisions that expressly protect individuals with disabilities, and allow the City to suspend or revoke a driver's license or company permit upon a sustained allegation of discrimination.

Q: Is there due process for owners whose vehicles have been impounded for operating without a valid vehicle-for-hire permit or registration?

A: Yes. The ordinance provides that:

- The vehicle will be towed to a secure facility designated by the City, and the vehicle operator will be given detailed, written instructions on how to retrieve his vehicle from the storage lot operator.
- If the vehicle owner does not agree with the removal of the vehicle, he may request a hearing within 14 business days of the vehicle being impounded. It should be noted that the vehicle owner may retrieve his vehicle immediately from the storage lot and does not need to wait for the hearing to be held.
- Hearings must be held within 10 business days after the hearing request is received by the court. Both the owner and the police officer who order the removal of the vehicle shall be notified of the date, time and place of the hearing. If the court determines probable cause did not exist for the removal of the vehicle, the City shall fully reimburse the owner.

Q: Is it true that existing taxicab companies and drivers will be required to either purchase a dispatch system or an app, or be affiliated with a dispatch system or an app?

A: No. There is no requirement in the ordinance for any taxicab company or driver to purchase a dispatch system or app, or be affiliated with a dispatch system or an app.

Q: Is it true that all taxicab vehicles must be the same color, or that all taxicab vehicles associated with one dispatch company or app must be the same color?

A: No. There is no such requirement in the ordinance.

Q: Is it true that all taxicab vehicles must be equipped with a fully functioning, integrated credit card/GPS system in the back seat of the vehicle?

A: Yes. The ordinance requires all taxicab vehicles to be equipped with fully functioning, integrated credit card/GPS systems, where the personal information monitor (PIM) is in the backseat of the vehicle, allowing the customer to maintain control of his/her credit card at all times.

Q: Why can TNCs "surge" price or charge less than posted rates, but taxicabs cannot?

A: Taxicabs CAN charge more or less than the approved meter rates IF the trip is dispatched through an MDS, i.e. their internet-enabled app through a mobile device, AND IF they display their fare rate and provide a fare rate estimator on the app and device and the customer affirmatively accepts the difference in price.

Q. Did the ordinance cap the total number of TNC drivers or the total number of TNC vehicles?

A: No, there is no cap on the number of TNC participants.

Q: If a driver/vehicle is approved for TNC, can they operate as both UberX and Lyft simultaneously?

A: Yes, they may operate both systems in their vehicles once they are permitted. The ordinance does not set limitations on how many TNC companies a driver may work for.

Q: If a driver/vehicle is approved for TNC, can they also operate as a taxi or other forms of vehicle-for-hire?

A: No, Section 46-512 (d) prohibits a vehicle permitted or subject to a certificate of registration and operated as vehicle for hire pursuant to articles II through VIII of this chapter to be operated as a transportation network vehicle. This means that if a vehicle is permitted as a taxi, limo, charter/sightseeing, jitney, low speed shuttle, school vehicle, pedicab or MDS, it cannot obtain a TNC vehicle permit.