



Taxi Driver Association of Austin

Legacy/Mobile Permit Proposal

September

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This proposal is aimed at the improvement of the taxicab industry in Austin, Texas.



Legacy/Mobile Permit Proposal:

Introduction

The following information describes a proposed change in the distribution of available permits to operate a vehicle as a taxicab ("permit") in the City of Austin Texas. This proposal is intended to improve driver income and independence and thereby attract and maintain experienced and quality drivers in the taxi industry.

It is the position of the Taxi Drivers Association Austin (hereinafter referred to as the "TDAA") that the current business model creates an unjust and inequitable system in Austin.

1. City of Austin taxicab drivers work excessive hours and average small hourly earnings.
2. Taxi drivers who own a vehicle pay approximately \$300 a week to a franchise to have a permit, vehicle liability insurance, and dispatch service whether they use it or not. Drivers pay \$15,600 a year for use of the permit that franchises obtain for only \$400. Over a seven year life of the vehicle, drivers pay the franchise \$109,200.
3. Taxicab franchises have little incentive to compete for the services of drivers because the franchise has control of the permit. Consequently, drivers have no insurance coverage, franchises may cancel a driver's contract for any whim, and terminal fees continually rise.
4. The city of Austin has lost control of this public utility and lost income by transferring the value of the permit to the franchises at a bargain price.
5. The city has lost sales tax revenue that it would recover if drivers had \$15,000 a year more money in their pockets to spend locally.



The Legacy Permit

Benefits to Drivers

The legacy permit is a type of portable permit. It is not a medallion. The permit is the property of the city and may not be sold or transferred by the holder. Drivers who qualify for a legacy permit would have the freedom to transfer the permit to the company of their choice as long as the company agrees. The creation of a competitive environment will drive costs to operate a vehicle down and lessen the economic burden to the driver. City code currently states that forty percent of the permits are to be owned by drivers. By designating forty percent of the existing permits as legacy permits, Austin would cultivate an environment that allows drivers to work independently and develop their small businesses.

Benefits to Franchise Holders

Franchise holders must sponsor a driver with a legacy permit. Drivers may not simply operate their own ground transportation service vehicle outside the control and color-schemes of approved city franchise holders. Legacy permit holders must remain with the same franchise and may not transfer to another franchise more than once a year. Franchise holders keep the current authorization for the number of vehicles they can operate unless drivers choose to transfer to another company. Franchises have the authority to change their business model to attract more drivers.

Benefits to the Public

Economic hardships often force stressed and sleep-deprived drivers to serve taxicab customers even when a driver should rest. Competition should reduce weekly costs for drivers. Drivers will be able to work less than the current average of 70 hours a week to earn the same income. Drivers will be less exhausted and more likely to provide better customer service. In addition, studies show that driver safety improves with driver income.

Driver Qualifications for a Legacy Permit

1. Must be a current taxi driver in Austin.



2. Must have driven a taxi in Austin for the past five years to qualify for the first lottery.
3. Must own or have a contract to purchase a ground transportation service vehicle.
4. Must not have any moving violation convictions within the last three years.
5. Must be affiliated with an approved franchise holder.

Permit Restrictions

1. Permits are the property of the city of Austin.
2. A permit holder may not sell or transfer the permit to any other person.
3. A permit holder may sublease his or her vehicle to a maximum of two other Transportation Department - approved and franchise sponsored drivers.
4. A permit holder must drive his or her vehicle no less than nine months a year, unless a special exception is made for health or other reasons approved by the Transportation Department.
5. A permit holder must disclose any interest in another vehicle.
6. A permit may not transfer to another franchise holder more often than once a year.
7. Legacy permits shall comprise 40 % of permits issued.

Transition Period

1. After the first year of the lottery, a driver will qualify for a legacy permit if the driver has driven a taxi in Austin for the past three years.
2. A driver who meets the qualifications must apply to the Department of Transportation on a form approved by the department in order to be considered in the lottery for a legacy permit.
3. The Department of Transportation shall make 65 permits a year available for a legacy permit lottery until 40% of the outstanding permits are held by legacy drivers.
4. Hybrid or other fuel-efficient vehicles approved as taxicabs by the Department of Transportation and wheel chair accessible vehicles owned by drivers are also



eligible for a legacy permit. Such permits shall be issued in addition to the lottery permits. Such permits shall not be counted toward the 40% goal of outstanding permits.

5. The lottery shall be held annually if there are outstanding permits available.
6. Legacy permits shall be renewable annually.

Conclusion

TDAA believes that all parties involved will benefit from this change. This change creates competition and allows a more balanced and fair business atmosphere between all parties. A legacy permit will give Austin cab drivers an opportunity to earn a fair income to provide for themselves and their families.