Committee Staff:

Elliott Lynn, Counsel

Jessica Steinberg Albin, Counsel

Rick Arbelo, Senior Policy Analyst

Kevin Kotowski, Policy Analyst

Chima Obichere, Finance Unit Head

John Basile, Finance Analyst



**THE COUNCIL OF THE CITY OF NEW YORK**

BRIFING PAPER OF THE INFRASTRUCTURE DIVISION

Jeffrey T. Baker, Legislative Director

Terzah N. Nasser, Deputy Director

**COMMITTEE ON TRANSPORTATION**

Hon. Ydanis Rodriguez, Chair

October 8, 2021

Oversight: TLC’s Medallion Relief Program and Supporting the Black Car and Livery Sectors

**INTRODUCTION**

 On Friday, October 8, 2021, the Committee on Transportation, Chaired by Council Member Ydanis Rodriguez, will conduct an oversight hearing titled, “Oversight: TLC’s Medallion Relief Program and Supporting the Black Car and Livery Sectors.” Those invited to testify include representatives from the New York City (NYC or the City) Taxi and Limousine Commission (TLC), taxi medallion owners and drivers, operators of liveries and black cars, industry advocates and other interested stakeholders.

**BACKGROUND**

The TLC is charged with the regulation and oversight of taxicabs, including yellow taxicabs and street hail liveries (also known as green or boro taxis), for-hire vehicles (FHVs), commuter vans and paratransit vehicles.[[1]](#footnote-1) Over the last several years, the for-hire industry as a whole has experienced tremendous changes with the introduction of app-based FHVs in the city. As a result, the number of licensed FHVs went from approximately 39,700 in 2011[[2]](#footnote-2) to more than 130,000 in March 2018, with the TLC issuing licenses to approximately 2,000 new vehicles per month.[[3]](#footnote-3) Following the passage of Local Law 147 of 2019, the issuance of new licenses to FHVs was paused. As a result of the licensing pause, as of July 2021 the number of licensed FHVs fell to 96,493.[[4]](#footnote-4) Increased competition for trips since 2011 has led to a decrease in the number of medallion taxi trips in the City and a decline in the daily fares collected per taxi medallion.[[5]](#footnote-5)

During this same period, the industry also witnessed a rapid decline of taxi medallion values. In 2013, corporate medallions were routinely sold for approximately $1.2 million and individual medallions for approximately $890,000.[[6]](#footnote-6) By November 2019, the average sale price for medallions declined to approximately $165,000 with a median selling price of $200,000.[[7]](#footnote-7) The decline in medallion values coupled with the decrease in the number of fares collected caused severe financial hardships for many taxi medallions owners. Many owners were saddled with large loans that featured either interest-only payments or balloon payments at maturity. A New York Times investigation in 2019 revealed that more than 950 medallion owners had filed for bankruptcy with many trapped in “exploitative loans.”[[8]](#footnote-8) Due to the significant debt faced by many medallion owners, industry advocates have consistently called for a remedy of this situation.

In response to the taxi medallion crisis and the calls for help from taxi owners and drivers, the Council of the City of New York established a Taxicab Medallion Sale Prices Task Force (Taxi Medallion Task Force) pursuant to Local Law 212 of 2018.[[9]](#footnote-9) The Taxi Medallion Task Force met over the course of six months from July 2019 to January 2020 to “discuss the state of the medallion taxi industry in New York City.”[[10]](#footnote-10) The focus of the Taxi Medallion Task Force was centered on addressing the debt crisis in the medallion industry and exploring the future of the medallion taxi service in the City.[[11]](#footnote-11) One of the recommendations from the report released by the Taxi Medallion Task Force called for the City to work with state and federal governments, the non-profit sector and private partners to establish a Debt Purchase and Modification Program for distressed medallion owners.[[12]](#footnote-12) Under one of the models proposed in this recommendation, the City would put together a group of mission-driven investors[[13]](#footnote-13) who would purchase some of the loans through a special-purpose vehicle and then modify them on borrower-favorable terms.[[14]](#footnote-14)

**TLC’s Taxi Medallion Owner Relief Program**

 The financial crisis in the taxi medallion sector has prompted many owners, drivers and advocates to call for plans to address debt faced by medallion owners. Recently, the TLC announced the creation of a $65 million Taxi Medallion Owner Relief Program (MRP) to help financially distressed medallion owners.[[15]](#footnote-15) The program is intended to allow small medallion owners struggling with debt to work with lenders in order to restructure their loans, reduce principal amounts, and lower their monthly payments.[[16]](#footnote-16) Under the MRP, eligible participants can receive up to a $20,000 down payment to help restructure medallion-related loans and up to $9,000 in additional monthly debt payment assistance for owners who can demonstrate specific hardships after the restructuring of their loans.[[17]](#footnote-17) Participants in the program will also receive legal and financial guidance at TLC’s Driver Resource Center, which was launched in May of 2020.

 A public hearing on the proposed rules for the MRP was held virtually by TLC on September 27, 2021. During the public hearing, the TLC Commissioner indicated that the Commission had already assisted 26 participants who had received over $5 million in debt forgiveness, with more than 900 more participants waiting to be served.[[18]](#footnote-18) According to the TLC Commissioner, 18 of the 26 initial participants received restructured deals in which almost 45% of the principal balances will be forgiven and the monthly payment will be reduced by an average of over $900.[[19]](#footnote-19) Additionally, in six of the resettlement deals, an average of 67% of the balance was forgiven.[[20]](#footnote-20) The Mayoral Administration believes that the MRP could result in a total of $500 million of debt forgiveness for thousands of drivers.[[21]](#footnote-21)

However, during the September 27, 2021 public hearing on the proposed rules, numerous members of the public argued that the financial parameters set up by the TLC for the MRP are simply not enough to address the amount of debt faced by medallion owners.[[22]](#footnote-22) Advocates at the hearing and in other public forums have continued to propose alternative plans for relief, including a plan put forward by the New York Taxi Workers Alliance (NYTWA) that would forgive taxi medallion debt.[[23]](#footnote-23) Nevertheless, the TLC adopted the proposed rules to help implement the MRP on October 6, 2021.[[24]](#footnote-24)

During today’s oversight hearing, the Committee seeks to gather additional information on the MRP and to explore perspectives as to whether the financial grants and assistance provided under the program are sufficient to help medallion owners who are struggling to take make ends meet due to the burden of significant debt.

**Black Cars and Liveries**

The category of FHVs includes black cars, liveries, and luxury limousines.[[25]](#footnote-25) Liveries, also known as community cars, accept passengers by prearrangement.[[26]](#footnote-26) Similarly, black cars and luxury limousines are also limited to accepting rides through prearrangement, but must also receive more than 90 percent of payments in a non-cash method.[[27]](#footnote-27) Luxury limousines differ from black cars in that they may carry up to 20 passengers and have additional insurance requirements.[[28]](#footnote-28) Local Law 149 of 2018 created a new license category for High Volume For-Hire Services, that captures app-based FHVs, like Uber and Lyft, who provide more than 10,000 trips per day.[[29]](#footnote-29)

Each FHV[[30]](#footnote-30) must be affiliated with a base that is authorized to dispatch vehicles.[[31]](#footnote-31) As such, when a vehicle owner applies for an FHV license, they must list the name of the base that the vehicle will affiliate with. A driver may accept dispatches from other bases, and may also change their base affiliation.[[32]](#footnote-32) For each trip, the dispatching base must provide the customer with the name and license number of both the affiliated base and the dispatching base.[[33]](#footnote-33)

Base owners in the FHV sector set their own fares, subject to the requirement that the base submit its rate schedules annually to the TLC,[[34]](#footnote-34) which must include surge or variable pricing policies, and any and all additional fees charged to the customer.[[35]](#footnote-35) Owners must submit rates to the TLC whenever rates are changed, with every renewal application, and with any application to change the ownership or location of the base.[[36]](#footnote-36) In 2016, the City Council passed legislation that required black car bases to provide the passenger with an upfront binding fare quote.[[37]](#footnote-37) Additionally, black car bases must display an option that allows customers to acknowledge and accept that surge pricing is in effect prior to dispatching a vehicle to a customer.[[38]](#footnote-38)

Livery bases are also required to have off-street parking and submit an application for service to the Community Board and Council Member in the impacted area.[[39]](#footnote-39) The application requires livery base owners to submit a business plan, indicate how many vehicles will affiliate with the base and how many trips they anticipate each vehicle will conduct per day.[[40]](#footnote-40) Black car bases are exempt from these requirements.[[41]](#footnote-41)

The tremendous growth of app-based FHVs prior to the moratorium on licenses imposed by Local Law 147[[42]](#footnote-42) coincided with a marked decline in the number of cars affiliated with community car services (liveries), corporate black cars and luxury limousines. These three sectors are commonly referred to as traditional FHVs. According to the TLC, in December 2019, there were approximately 23,000 licensed vehicles affiliated with traditional FHVs.[[43]](#footnote-43) This is in contrast to the number of vehicles that were operating in each sector in the beginning of 2014, when there were approximately 50,000 liveries, 10,000 black cars, and 7,000 luxury limousines operating in the City.[[44]](#footnote-44) Liveries in particular have seen a significant decline during this time with the number of licensed vehicles currently operating at approximately 6,600.[[45]](#footnote-45) One particular community car service in East Harlem went from dispatching 325 vehicles before Uber was operating in the city to about 106 in September 2019.[[46]](#footnote-46)

Liveries and traditional black car operators contend that the moratorium imposed by Local Law 147 to ease congestion and stem the number of FHVs on our city’s streets has hurt them, since they cannot license new vehicles to replace those that they lose to the app-based companies or those vehicles for which licenses are not renewed.[[47]](#footnote-47) TLC, however, contends that drivers moving away from liveries and toward other services is a longstanding trend that has not been worsened by the implementation of the FHV vehicle license cap.[[48]](#footnote-48)

Last year, the Council passed Local Law 92 of 2020, which established The Black Car and Livery Task Force, a task force charged with studying the black car and livery industries for the purpose of identifying challenges to the viability of these industries.[[49]](#footnote-49) The Black Car and Livery Task Force is also studying the potential impacts of advertising and the viability of advertising as an additional revenue source for drivers in the black car, livery and other for-hire vehicle industries. This task force is also charged with issuing recommendations for legislation and policy in accordance with the findings of their study.

During today’s hearing, the Committee seeks to discuss the challenges and issues facing the traditional black car and livery sectors and explore what is needed to ensure the survival of these sectors.

1. *See* N.Y.C. Taxi and Limousine Commission website at <https://www1.nyc.gov/site/tlc/about/about-tlc.page> [↑](#footnote-ref-1)
2. T.L.C., *2011 Annual Report*, *available at*  <https://www1.nyc.gov/assets/tlc/downloads/pdf/annual_report_2011.pdf> [↑](#footnote-ref-2)
3. Testimony of Commissioner Joshi before the Committee on For-Hire Vehicles, N.Y.C. Council, Mar. 8, 2018. [↑](#footnote-ref-3)
4. T.L.C., *August 2021 FHV License Review-Report and Determination*. [↑](#footnote-ref-4)
5. Report of the Taxi Medallion Task Force, January 2020, available at <http://council.nyc.gov/data/wp-content/uploads/sites/73/2020/01/Taxi-Medallion-Task-Force-Report-Final.pdf> [↑](#footnote-ref-5)
6. Major Agency Accomplishments 2002–2003, N.Y.C. Taxi and Limousine Commission available at [https://web.archive.org/web/20140211053603/http://www.nyc.gov/html/tlc/downloads/pdf/tlc\_accomplishments\_12\_19\_13.pdf](https://web.archive.org/web/20140211053603/http%3A//www.nyc.gov/html/tlc/downloads/pdf/tlc_accomplishments_12_19_13.pdf) [↑](#footnote-ref-6)
7. N.Y.C. Taxi and Limousine Comm’n, Medallion Transfers, <https://www1.nyc.gov/site/tlc/businesses/medallion-transfers.page> [↑](#footnote-ref-7)
8. Brian M. Rosenthal, ‘They Were Conned’: How Reckless Loans Devastated a Generation of Taxi Drivers, N.Y. Times, May 19, 2019, available at <https://www.nytimes.com/2019/05/19/nyregion/nyc-taxis-medallions-suicides.html> [↑](#footnote-ref-8)
9. Local Law 212 of 2018 available at <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=3332232&GUID=6F016B74-AE6A-4431-9081-95703DD685FF&Options=ID|Text|&Search=medallion> [↑](#footnote-ref-9)
10. *See*”Letter From Co-Chairs” found in the Report of the Taxi Medallion Task Force available at <http://council.nyc.gov/data/wp-content/uploads/sites/73/2020/01/Taxi-Medallion-Task-Force-Report-Final.pdf> [↑](#footnote-ref-10)
11. *Id*. [↑](#footnote-ref-11)
12. *Id*. at 36. [↑](#footnote-ref-12)
13. *Id.* The report defines “Mission-driven investors” as public or private investors who are interested in helping

over-indebted medallion owners and supporting an iconic New York industry while also earning a moderate return [↑](#footnote-ref-13)
14. *Id.* [↑](#footnote-ref-14)
15. *See* press release, “First Taxi Medallion Owners see Over $5 Million in Debt Relief,” September 25, 2021, available at <https://www1.nyc.gov/office-of-the-mayor/news/650-21/first-taxi-medallion-owners-see-5-million-debt-relief> [↑](#footnote-ref-15)
16. *See* Taxi Medallion Owner Relief Program at <https://www1.nyc.gov/site/tlc/about/taxi-medallion-owner-relief-program.page> [↑](#footnote-ref-16)
17. *See* TLC’s “Notice of Public Hearing and Opportunity to Comment on Proposed Rules,” available <https://www1.nyc.gov/assets/tlc/downloads/pdf/proposed-eligibility-for-medallion-relief-program-08-19-2021.pdf> [↑](#footnote-ref-17)
18. *See* Taxi Medallion Owner Relief Program at <https://www1.nyc.gov/site/tlc/about/taxi-medallion-owner-relief-program.page> [↑](#footnote-ref-18)
19. Statement by TLC Chair Aloysee Heredia Jarmosczuk during the September 27, 2021, TLC virtual meeting on the Proposed Rules for the Taxi Medallion Owner Relief Program, video recording available at <https://www.facebook.com/nyctaxilimo/> [↑](#footnote-ref-19)
20. *Id.* [↑](#footnote-ref-20)
21. *See* press release, “First Taxi Medallion Owners see Over $5 Million in Debt Relief,” September 25, 2021, available at <https://www1.nyc.gov/office-of-the-mayor/news/650-21/first-taxi-medallion-owners-see-5-million-debt-relief> [↑](#footnote-ref-21)
22. September 27, 2021 TLC virtual meeting on the Proposed Rules for the Taxi Medallion Relief Program, video recording available at <https://www.facebook.com/nyctaxilimo/> [↑](#footnote-ref-22)
23. Medallion Debt Forgiveness Campaign, New York Taxi Workers Alliance available at <https://www.nytwa.org/debt-forgiveness> [↑](#footnote-ref-23)
24. October 6, 2021 TLC virtual meeting to vote on the Medallion Relief Program Rules, video recording available at <https://www.facebook.com/nyctaxilimo/> [↑](#footnote-ref-24)
25. N.Y.C. Taxi and Limousine Commission *2018 Fact Book, available at* <https://www1.nyc.gov/assets/tlc/downloads/pdf/2018_tlc_factbook.pdf> [↑](#footnote-ref-25)
26. N.Y.C. Admin. Code § 19-516(a). [↑](#footnote-ref-26)
27. *Id.* at §§ 19-502(u) and (v). [↑](#footnote-ref-27)
28. *Id*. [↑](#footnote-ref-28)
29. Local Law 149 of 2018 available at <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=3479666&GUID=01C67FF7-C56D-474A-BA53-E83A23173FA7&Options=ID|Text|&Search=for-hire> [↑](#footnote-ref-29)
30. The term “for-hire vehicle” can be used to refer to liveries specifically, or liveries, black cars, and luxury limousines collectively. In this report, for-hire vehicle is used to refer to the broader class of vehicles. [↑](#footnote-ref-30)
31. 35 R.C.N.Y. § 59A-11(e). [↑](#footnote-ref-31)
32. *Id.* at § 59A-11(e). [↑](#footnote-ref-32)
33. *Id.* [↑](#footnote-ref-33)
34. 35 R.N.Y.C Rules 58B-26. [↑](#footnote-ref-34)
35. 35 R. N.Y.C. 59B-21. [↑](#footnote-ref-35)
36. *Id.* [↑](#footnote-ref-36)
37. 35 R.N.Y.C 59B-23 and LL 49 of 2016/19-545. [↑](#footnote-ref-37)
38. 35 R.N.Y.C 59B-25(i). [↑](#footnote-ref-38)
39. 35 R.N.Y.C § 59B-05. [↑](#footnote-ref-39)
40. *Id.* [↑](#footnote-ref-40)
41. *Id.* [↑](#footnote-ref-41)
42. Local Law 147 of 2018 implemented a moratorium on the issuance of all new for-hire vehicle licenses. The moratorium is still in effect but does not apply to wheelchair accessible vehicles. [↑](#footnote-ref-42)
43. See TLC Factbook 2020 available at <https://www1.nyc.gov/assets/tlc/downloads/pdf/2020-tlc-factbook.pdf> [↑](#footnote-ref-43)
44. N.Y.C. Taxi and Limousine Commission, *2014 Taxicab Factbook*, *available at* <http://www.nyc.gov/html/tlc/downloads/pdf/2014_taxicab_fact_book.pdf>. [↑](#footnote-ref-44)
45. New York City Taxi and Limousine Commission 2020 Annual Report, available at <https://www1.nyc.gov/assets/tlc/downloads/pdf/annual_report_2020.pdf> [↑](#footnote-ref-45)
46. Matthew Flamm, *Long-struggling livery cabs still losing ground,* Sept. 5, 2019, Crain’s New York Business, available at <https://www.crainsnewyork.com/features/long-struggling-livery-cabs-still-losing-ground>  [↑](#footnote-ref-46)
47. See testimony of Cira Angeles of the Livery Base Owners Association in the hearing transcript of the September

10, 2019 Transportation Committee oversight hearing available at <https://legistar.council.nyc.gov> [↑](#footnote-ref-47)
48. Matthew Flamm, Long-struggling livery cabs still losing ground, Sept. 5, 2019, Crain’s New York Business, available at <https://www.crainsnewyork.com/features/long-struggling-livery-cabs-still-losing-ground> [↑](#footnote-ref-48)
49. Local Law 92 of 2020 available at <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=4302433&GUID=F876DF90-0810-4FEC-B0F1-7C3C8892ABA7&Options=ID|Text|&Search=1865> and https://www1.nyc.gov/site/tlc/about/black-car-and-livery-task-force.page. [↑](#footnote-ref-49)