

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Article 1, Chapter VII of the Los Angeles Municipal Code to replace the City's existing taxicab franchise regulatory framework with an open market permitting system.

**WHEREAS**, recognizing the taxi industry's need for modernization, the Department of Transportation (LADOT) hired a consultant to review and evaluate the City's current taxicab regulatory practices with the goal of: (1) expanding economic opportunities for taxi companies and drivers; (2) allowing flexibility for new technology to improve rider experiences; (3) creating a framework that could easily be used for multiple for hire models; (4) improving transportation equity and accessibility for riders; and (5) achieving departmental operational improvements and the removal of market barriers;

**WHEREAS**, after much research, stakeholder outreach, and industry input, LADOT has determined that the franchise system needs to be replaced with an open permitting model in order to simplify the City's taxicab regulations, and lower barriers for new entrants;

**WHEREAS**, the goal of a streamlined and flexible permit structure is to enable a more open market allowing new businesses to enter the City, which will: (1) result in a more competitive process; (2) provide the authority for the City to remove underperforming companies; and (3) establish accountability without sacrificing service quality;

**WHEREAS**, LADOT research revealed that the open market system works in other jurisdictions where it has been implemented in lieu of a franchise system, resulting in an increase in competition and in service improvements, as underperforming companies no longer have an entitlement to operate under a franchise and can be replaced by better performing companies; and

**WHEREAS**, LADOT recommends that the City's existing taxi franchise system be replaced with a streamlined permitting system in response to the recent disruption of the taxi industry by the arrival of the Transportation Network Companies, and in response to the need to significantly modernize the taxi service to better meet customer expectations.

**NOW, THEREFORE,**

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. "Taxicab Operator" as defined in Los Angeles Municipal Code Section 71.00 is amended to read as follows:

**“Taxicab Operator”** shall mean a person, owner, taxicab service company, taxicab vehicle permittee, corporation, cooperative, association, firm, partnership, membership organization, or other entity engaged in the business of operating a taxicab service. It also includes: (1) the management and officers of the Taxicab Operator; and (2) receivers or trustees appointed by any court.

Sec. 2. Section 71.01 of the Los Angeles Municipal Code is amended to read as follows:

The Board shall have the power to adopt and enforce such rules and regulations as may be necessary to implement the purposes of this article to the extent that such rules and regulations are not preempted by, or in conflict with, any federal or state law, or any ordinance or resolution adopted by the City Council. Such rules and regulations may include, but are not limited to, the following: rules and regulations pertaining to the service, safety, and operation of the vehicles defined in this article; rules and regulations prescribing limitations, conditions, and qualifications of applicants for vehicle permits, driver permits, and ambulance attendant permits; rules and regulations relating to hearings conducted pursuant to Section 71.09 of this article; and rules and regulations specifying the monetary penalties and the procedures to collect the penalties that may be levied against an operating permit, vehicle permit, driver permit and attendant permit grantee pursuant to Sections 71.02.2 and 71.09.2 of this article. The Board shall also adopt and enforce all such requirements set forth in California Government Code Section 53075.5(b), pertaining to local regulation of taxicab transportation services.

Sec. 3. Subsection (b) of Section 71.01.1 is amended to read as follows:

(b) The Chief Transportation Investigators, Senior Transportation Investigators and Transportation Investigators shall have the immunity, authority, and powers of arrest of a peace officer to the extent permitted under state law, or any ordinance of this Code pertaining to matters under the jurisdiction of the Department.

Sec. 4. Section 71.02 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

#### **SEC. 71.02. OPERATION OF VEHICLES – PERMITS REQUIRED.**

(a) No person, corporation, cooperative, association, firm, partnership, membership organization, or other entity shall drive, operate or use, whether as owner, lessor, lessee or otherwise, any of the vehicles defined in Section 71.00 to pick-up or attempt to pick-up passengers within the limits of the City of Los Angeles, or allow or permit to be operated, driven, or used, whether as owner, lessor, lessee, or otherwise, any of the vehicles defined in Section 71.00 to pick-up or attempt to pick-up a passenger within the limits of the City of Los Angeles unless a written vehicle permit for the operation of such specifically defined vehicles has been obtained from the Board.

(b) No Taxicab Operator shall dispatch a taxicab or respond to a request for a taxicab for pick-up within the City of Los Angeles unless the responding vehicle is operated pursuant to a permit granted by the Department.

(c) Notwithstanding Subsections (a) and (b) above, a taxicab company permitted by the County of Los Angeles, or by a city located within the County of Los Angeles, may provide prearranged trips within the City.

(d) No taxicab shall continue in service if the taxicab vehicle permit is expired, suspended, canceled, or revoked.

(e) Every Taxicab Operator shall include the number of its certificate, license, or permit in every written or oral advertisement of the services it offers. For purposes of this subsection, "advertisement" includes, but is not limited to: (1) the issuance of any card, sign, or device to any person; and (2) the causing, permitting, or allowing the placement of any sign or marking on or in any building or structure, or in any media form, including newspaper, magazine, internet site, application (app), radio wave, satellite signal, or any other electronic transmission, or in any directory soliciting taxicab transportation services. Whenever the Board, after a hearing, finds that any Taxicab Operator is operating as a taxicab transportation service without a valid certificate, license or permit, or fails to include in any written or oral advertisement its certificate, license, or permit, the Board may:

(1) Impose a fine of not more than \$5,000 for each violation;

(2) Assess the Taxicab Operator an amount sufficient to cover the reasonable expense of investigation incurred by the Department; and

(3) Assess interest on any fine or assessment imposed to commence on the day the payment of the fine or assessment becomes delinquent.

(f) Any fee or assessment by the Board shall be deposited on a monthly basis into the Transportation Regulation and Enforcement Fund as set forth in Section 71.26 of this Code.

Sec. 5. Section 71.02.1 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

**SEC. 71.02.1. SUSPENSION OF TAXICAB PERMIT.**

(a) The General Manager or the General Manager's designee may, after due notice and an opportunity to be heard, suspend a Taxicab Operator's permit, or any portion thereof for one or more days, upon any of the following grounds:

(1) Noncompliance with permit terms and conditions as specified therein; Board rules and orders as specified therein; Department directives; City

ordinances; state law, including, but not limited to, the California Vehicle Code, the California Government Code, the California Labor Code, and the California Penal Code.

(2) Illegally conducting any type of public transportation operation licensed by the City or any other governmental agency. Such suspension may be of one or more vehicles issued permits to operate throughout the City and/or suspension of the right to pick-up at certain taxicab stands and at Los Angeles International Airport.

Sec. 6. Section 71.02.2 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

(a) The Board may levy monetary penalties in addition to or in lieu of suspension of an operating permit pursuant to Section 71.02 above. Monetary penalties may be levied on a per violation basis, or a per day basis, and may escalate on a first, second, or third or subsequent violation basis. Deficiencies in operations that endanger the public health, welfare, and/or safety shall receive the maximum penalties.

(b) The Board shall adopt by resolution a schedule of monetary penalties, a procedure for assessing monetary penalties for specific driver and/or Taxicab Operator violations, and an appeal procedure.

(c) Payment of a monetary penalty or the serving of a suspension shall constitute a waiver of the right to further appeal of any monetary penalty or suspension to the Board or Superior Court.

(d) Judicial review of an action by the Board levying such monetary penalty or of an action of the Board in denying an appeal, as provided for herein, shall be available only if a petition for a writ of mandate is filed in the Superior Court not later than the 90th day following the date upon which the decision of the Board becomes final, which shall be the expiration of the period during which reconsideration can be sought, provided that if reconsideration is sought, the decision is final for the purposes of this section on the date that reconsideration is rejected.

(e) The total monetary penalty payment is due by the date established by the Board as set forth in the Board Rules.

(f) A penalty of 10 percent of the amount of the payment shall be assessed on any payment assessed against a Taxicab Operator which has become delinquent. Failure to pay any delinquent payment on or before the last day of the fourth month following the date on which the payment first became delinquent will result in the assessment of a second penalty of 10 percent of the amount of the payment in addition to the amount of the payment and the 10 percent penalty first imposed.

(g) In addition to the penalties imposed above, failure to pay any payment required by ordinance or operating permit will result in the assessment of interest charges at the rate of 1-1/2 percent per month, or fraction thereof, on the amount of the payment, exclusive of penalties, from the date on which the payment first became delinquent until it is paid.

Sec. 7. A new Section 71.02.4 is added to the Los Angeles Municipal Code to read as follows:

**SEC. 71.02.4. OPERATION OF TAXI APPS - PERMITS REQUIRED.**

A Taxi App Operator shall obtain a permit from the Department to provide its services to a City permitted Taxicab Operator. For purposes of this section, a Taxi App Operator means a person, company or other entity that provides and/or operates a software based taxicab hail and/or dispatch system, which allows a taxicab user to electronically order a taxicab on demand using a smart phone, or other mobile or electronic device. A Taxi App Operator shall comply with all terms and conditions set forth in the Department issued permit and the Board Rules. The Department shall have the authority to suspend or revoke a permit for a violation of either a permit term or condition, or for a violation of a Board rule. A Taxi App Operator whose permit has been suspended or revoked by the Department may appeal the suspension or revocation of its permit to the Board subject to the appeals process set forth in the Board Rules. A City permitted Taxicab Operator who conducts its own in-house taxi app operation shall comply with all permit terms and conditions and Board Rules governing the use of a taxi app, and be subject to the same penalties as listed above for a violation of permit terms or Board Rules.

Sec. 8. Subsection (b) of Section 71.05 of the Los Angeles Municipal Code is amended to read as follows:

(b) A Taxicab Operator shall pay an annual taxicab vehicle permit fee, in the amount specified in Section 71.06.1, for each vehicle put into operation during the calendar year.

Sec. 9. Sections 71.12 and 71.13 of the Los Angeles Municipal Code are deleted in their entirety.

Sec. 10. Section 71.16 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

**SEC. 71.16. TAXICAB IDENTIFICATION.**

Each Taxicab Operator shall maintain the Department approved vehicle color scheme and company decal, which may include, but is not limited to, lighted panels, beacons, indicia affixed to the dashboard, windshield, or magnetically to the roof of the vehicle. The installation, operation and maintenance of identification methods shall

comply with all requirements set forth in the California Vehicle Code, this Code, and the Board Rules. All lighted panels, beacons, and other indicia shall be uniform for all vehicles affiliated with the Taxicab Operator. No color scheme or decal shall conflict with another company's color scheme or decal. A Taxicab Operator choosing light, non-destructive banding for an affiliated vehicle shall maintain the vehicle's factory paint color, or, if necessary, shall repaint the vehicle its original factory paint color. Each Taxicab Operator shall maintain the taxicab vehicle number on the taxicab in positions and sizes which are legible as approved by the Board.

Sec. 11. Subsection (c) of Section 71.18 of the Los Angeles Municipal Code is amended to read as follows:

(c) All existing and future taxicab zones established in the City shall be open to use by all Department permitted Taxicab Operators to operate in the service area of said zone. The Department shall make such conditions as it finds necessary to regulate such joint use of taxicab zones. The Board may, after a public hearing, determine that public interest requires that one or more Taxicab Operators be restricted or prohibited from use of any specific zone.

Sec. 12. Section 71.20 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

#### **SEC. 71.20. DISCLOSURE OF TAXICAB FARES, FEES, OR RATES.**

(a) A Taxicab Operator shall disclose fares, fees, or rates to the customer in compliance with state law, City ordinances or resolutions, and Board Rules. A Taxicab Operator may satisfy this requirement by disclosing fares, fees, or rates on its Internet Web site, mobile telephone application, or if the ride is arranged by a telephone order, the Taxicab Operator must offer to disclose fares, fees, or rates to the customer. The Taxicab Operator shall notify the passenger of the applicable rate prior to the passenger accepting the ride for walkup rides and street hails. The rate may be provided on the exterior of the taxicab, within an application of a mobile telephone, device, or other Internet-connected device, or be clearly visible in either print or electronic form inside the taxicab. For purposes of this section, an App or Application shall mean a digital program or software application that is downloadable to a computer or mobile device.

Sec. 13. A new Section 71.20.1 is added to the Los Angeles Municipal Code to read as follows:

#### **SEC. 71.20.1. TAXICAB ADVERTISING DISPLAYS.**

A City permitted Taxicab Operator may display advertisements in or on the exterior of a taxicab. The types or subject matter of the advertisements placed in or on taxicab shall comply with the City's Transit Advertising Policy. The Department shall post the Department's Transit Advertising Policy on its Web site, and include the Policy as an attachment to the permit. The method of placement of an advertisement on the

exterior of a taxicab shall comply with the requirements set forth in Los Angeles Municipal Code Section 87.54 and California Vehicle Code Section 26708. Advertising displays shall not use digital video technology, sometimes referred to as dynamic messaging sign devices. An advertisement placed on the exterior of a taxicab shall not be placed in a manner that blocks, or obstructs, or interferes with the view of a City issued decal identifying the vehicle as a City authorized taxicab.

Sec. 14. Section 71.22 of the Los Angeles Municipal Code is amended in its entirety to read as follows:

**SEC. 71.22. TAXIMETERS.**

(a) A Taxicab Operator may use any type of device or technology approved by the Division of Measurement Standards to calculate fares, including the use of Global Positioning System metering, provided the device or technology complies with Section 12500.5 of the California Business and Professions Code and with all regulations established pursuant to Section 12107 of the Business and Professions Code, as well as other state laws. The installation, operation and maintenance of a taximeter shall be in compliance with state law, City ordinances, and Board Rules. Taximeters shall be maintained at all times to be accurate and in good working order. It shall be unlawful to install or program a taximeter in a manner that makes it possible to tamper with the rate setting mechanisms. It shall be unlawful to attach any equipment to a taximeter or the taximeter's wiring harness that has not been approved by the state or the City. It shall be unlawful to possess a fraudulent or false taximeter.

(b) Each Taxicab Operator shall maintain a taximeter or a taxi soft meter approved by the Department capable of printing, emailing, or texting a receipt for all trips provided. For the purposes of this section, a taxi soft meter is a type of taximeter that uses technologies such as GPS or on-board diagnostics to calculate fares based on time and distance.

(c) All taxicab fares and rates shall be set in compliance with state law.

Sec. 15. **URGENCY CLAUSE.** The City Council finds and declares that this ordinance is required for the immediate protection of the public peace, health, and safety for the following reason: National, state, and local emergencies have already been declared in relation to the COVID-19 pandemic. City residents rely on the transportation provided by taxicabs for many essential needs, including grocery shopping and medical appointments. The taxicab franchises are set to expire on February 28, 2021; therefore, this ordinance must become effective by March 1, 2022, in order to preserve the Department's ability to regulate the taxi industry. The City Council adopts this ordinance to become effective upon publication pursuant to Los Angeles City Charter Section 253.

Sec. 16. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By



MICHAEL D. NAGLE  
Deputy City Attorney

Date

1/27/2022

File No. 10-0996-S1

M:\GENERAL COUNSEL DIVISION\ORDINANCES AND REPORTS\ORDINANCES - FINAL YELLOW\LAMC 71.00 - Revised New  
Taxicab Permit System Ordinance 1.25.22.docx

The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles, **by a vote of not less than three-fourths** of all its members.

CITY CLERK

MAYOR

Ordinance Passed \_\_\_\_\_

Approved \_\_\_\_\_