

FOR-HIRE INDUSTRY IN SEATTLE AND KING COUNTY

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FOR-HIRES OPERATING IN THE CITY AND COUNTY

At present there are four options available to residents of Seattle and King County who wish to hire a driver *and* vehicle for transportation.

Limousines: These are unmetered, unmarked luxury vehicles. Customers book this service in advance and agree to the charge before the trip begins. These are regulated by the state and operate throughout the state, although the majority of them operate in and around major urban centers. Drivers must have a state-issued chauffeur license to drive these vehicles.



Taxis: These are monotone vehicles with a light on the roof of each vehicle clearly indicating it is a taxicab. The dominant companies in Seattle are the Yellow Cab (pictured) and Orange Taxicab. Customers can book taxis in advance or they can hail the service from the street. The charge for a trip is made up of three components: a fixed reservation charge (drop charge), a charge per mile, and a charge per minute when the vehicle is in service but travelling less than 11 miles per hour.



Flat-rates: These are two-tone vehicles to distinguish them from taxis. Like the taxis, flat-rate services can be arranged in advance or hailed from the street.¹ The key difference between taxi and flat-rate service is that the charge for the flat-rate



¹ Before 2014, flat-rate vehicles were prohibited from responding to street hails.

trip is known in advance because it is set by zone rather than by time and distance.

Flat-rate vehicles are often called “for-hire” vehicles. This can be confusing as that term is also used to refer to the industry as a whole and to the activity of providing transportation for compensation. It is a term of art in the regulatory environment. This paper will use “flat-rate” to refer to this particular segment of the industry and reserve “for-hire” for the industry and the activity of providing transportation for compensation.

Transportation network companies

(TNCs): These are personal passenger vehicles that are sometimes used by their owners to provide for-hire services. There are two TNCs currently active in Seattle and King County: Uber and Lyft.

Customers arrange for a ride with a TNC provider through an application the customer downloads to a mobile device from the TNC’s website. Drivers must also download and activate a companion application from the TNC to be visible to its system and potential customers.

The cost for a TNC trip is determined by the TNC at the time of the trip and appears to be dependent on market conditions.



CITY REGULATION OF FOR-HIRES

The City and the County derive their authority to regulate the local for-hire industry from Chapter 46 of the Revised Code of Washington (RCW):

RCW 46.72.001

Finding and intent. The legislature finds and declares that privately operated for hire transportation service is a vital part of the transportation system within the state. Consequently, the safety, reliability, and stability of privately operated for hire transportation services are matters of statewide importance. The regulation of privately operated for hire transportation services is thus an essential governmental function. Therefore, it is the intent of the legislature to permit political subdivisions of the state to regulate for hire transportation services without liability under federal antitrust laws.

Taxis and flat-rate services have been regulated by the City for decades. The City regulates many aspects of these two segments of the industry including how many vehicles of each type may be licensed, the rates charged for trips, where the vehicles may operate, minimum vehicle safety standards and driver qualifications.

TNCs began operating in Seattle and King County sometime in 2012. Since they were new to the for-hire industry, there was no provision in either City or County law to allow for their

regulation. In early 2013, the City Council determined that TNCs were operating for-hire businesses in Seattle as defined in RCW 46, and thus subject to the City regulatory authority. The TNCs dispute this claiming they are simply matching private individuals wanting a ride with private individuals willing to provide one. Throughout 2013 and into 2014, the Council took public comment on the appropriate nature of regulation of TNCs, passing [Ordinance 124524](#) in June establishing a new subsection under Title 6 of the Seattle Municipal Code covering TNCs. The most significant aspect of the new regulation was a requirement that TNC drivers have insurance equivalent to that of taxi and flat-rate drivers while TNC drivers are active on the TNC's application. Prior to the passage of the Ordinance, TNC drivers relied on their personal (non-commercial) insurance while active on the application, but before they accepted a fare. Once the accepted a fare, the TNC's umbrella insurance went into effect. Since passage of the ordinance, the State has preempted the City's authority to determine TNC insurance levels but has continued to require TNC umbrella insurance. The County implemented a similar regulatory scheme shortly after the Council's action. In November 2015, the Council passed [Ordinance 124968](#) providing for collective bargaining by taxi, flat-rate, and TNC drivers with their respective employer.

REGULATORY FRAMEWORK

The City and County share the administration of the licensing system for taxi, flat-rate, and TNC vehicles and drivers. The City, through its Department of Finance and Administrative Services (FAS), inspects and licenses the vehicles; the County handles the driver licenses.

All for-hire drivers must have a valid Washington state driver's license and also a City-issued for-hire driver's license. All for-hire vehicles must also have a City or County vehicle license to operate.

Currently, taxi and flat-rate vehicles are licensed to operate within the boundaries of the City, within boundaries of the County excluding the City, or in both. TNC vehicles are licensed to operate in both jurisdictions by default.

Taxi and flat-rate vehicles licensed to operate in one jurisdiction but not the other, may drop a fare in the other jurisdiction but may not pick up a fare in that other jurisdiction. This leads to so-called "dead-heading" in which vehicles that have dropped a fare but cannot pick up a new fare must return to their jurisdiction of licensing without a fare.

Both the City and the County set the rates for their respective taxi and flat-rate services and limit the number of such vehicle licenses. Neither jurisdiction sets the rates for TNC service or limits the number of TNC vehicles that may operate.

As of June 30, 2015, the State had issued 969 limousine licenses. Additionally, for Seattle and King County the following table gives the number and type of vehicle licensed to operate in each jurisdiction:

Vehicles Licensed to Operate in

	King County Only	Seattle Only	KC and Seattle	Total
Flat-rate	274	-	197	471
Taxis*	243	334	354	931
TNC**	-	-	10,585	10,585

*Included in these figures are 52 specially designated wheelchair accessible taxis (WATs), 45 of which are licensed to operate in both the City and County, and seven that operate in the County only. (Note, many taxis and flat-rates can and do accommodate wheelchairs, but they are not required to do so.)

**Since the passage of the legislation the County has received over 20,000 requests for TNC license permits; however, some of these are duplicates submitted by different TNCs on behalf of the same driver, and some are drivers who are already licensed to drive a taxi or flat-rate (and so are automatically licensed to drive for a TNC) but who need an endorsement for a specific vehicle.

(Note: The Port of Seattle also regulates taxis, flat-rates, and TNCs by determining which services may *pick up* fares at the airport and downtown ferry terminals. All carriers may drop fares off at the Port's facilities.)