



**New York City Council**

Christine C. Quinn, Speaker

**Finance Division**

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

**Hearing on the Mayor's Fiscal Year 2012 Executive Budget**

**Taxi and Limousine Commission**

June 2, 2011

**The Committee on Finance**

Hon. Domenic M. Recchia, Jr., Chair

**The Committee on Transportation**

Hon. James Vacca, Chair

Andy Grossman, Deputy Director

Chima Obichere, Supervising Legislative Financial Analyst

# Overview

The Taxi and Limousine Commission (TLC) establishes and enforces professional and uniform standards of for-hire car service and ensures public safety. Currently, TLC licenses and regulates 13,237 medallion taxicabs, 37,131 for-hire vehicles, 2,337 paratransit vehicles, 373 commuter vans and 106,484 drivers. The Commission regulates 29 taximeter shops, 25 taxicab brokers and 68 taxicab agents and sets fares charged by medallion taxicabs.

<b>Taxi and Limousine Commission Financial Summary</b>						
<i>Dollars in Thousands</i>						
	<b>2009</b>	<b>2010</b>	<b>2011</b>		<b>2012</b>	<b>Difference</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Exec. Plan</b>	<b>Exec. Plan</b>	<b>2011-2012*</b>
<b>Budget by Units of Appropriation Area</b>						
Personal Services	\$21,660	\$23,386	\$24,324	\$23,696	\$23,519	(\$805)
Other Than Personal Services	7,215	6,712	6,936	7,227	7,548	612
<b>TOTAL</b>	<b>\$28,875</b>	<b>\$30,098</b>	<b>\$31,260</b>	<b>\$30,923</b>	<b>\$31,067</b>	<b>(\$193)</b>
<b>Funding</b>						
City Funds	\$28,875	\$30,098	\$31,260	\$30,910	\$31,067	(\$193)
Federal – Other	0	0	0	10	0	0
Intra-City	0	0	0	3	0	0
<b>TOTAL</b>	<b>\$28,875</b>	<b>\$30,098</b>	<b>\$31,260</b>	<b>\$30,923</b>	<b>\$31,067</b>	<b>(\$193)</b>
<b>Positions</b>						
Full-time Positions	378	375	414	414	402	(12)
<b>TOTAL</b>	<b>4,348</b>	<b>4,423</b>	<b>414</b>	<b>414</b>	<b>402</b>	<b>(12)</b>

\*Difference refers to the variance between the Fiscal 2011 Adopted Budget and the Projected Fiscal 2012 Budget.

The Taxi and Limousine Commission’s (TLC) budget is funded almost entirely with City tax-levy funds. At the time of the Fiscal 2011 Budget Adoption last year, the estimate for the Fiscal 2012 Budget was \$544,000 less than the Fiscal 2011 Budget of approximately \$31.3 million. Net changes in the Fiscal 2012 Preliminary Budget increased the Fiscal 2012 budget by \$1.5 million, and net changes in the Fiscal 2012 Executive Budget reduced it by \$1.1 million. Combined, these changes bring the TLC’s Fiscal 2012 Executive Budget total to approximately \$31.1 million.

## Fiscal 2012 Executive Budget Actions

- ☑ The Fiscal 2012 Executive Budget reflects a net decrease of \$193,000 when compared to the Fiscal 2011 Adopted Budget for the TLC.
- ☑ As part of the Citywide PEG Program, TLC was required to come up with cost savings in its Fiscal 2012 Expense Budget. As a result of the agency's revenue generating ability, TLC was able to meet its PEG target through the implementation of additional fees. The agency's Fiscal 2012 Budget includes additional revenue of \$6.3 million in Fiscal 2012 and \$6.8 million in Fiscal 2013 and the outyears. Majority of the additional revenue anticipated in Fiscal 2012 will come from increases in driver license fee, medallion inspection fee and a new for-hire vehicle inspection fee.
- ☑ After taken into account the associated costs to generate the additional revenue, the PEG program for the TLC totals \$4.5 million in Fiscal 2012.

### Budget Actions in the Executive Plan

<i>Dollars in thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of the January 2011 Plan</b>	<b>\$31,460</b>	<b>\$0</b>	<b>\$31,460</b>	<b>\$32,174</b>	<b>\$0</b>	<b>\$32,174</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
Enforcement Initiative	\$0	\$0	\$0	\$65	\$0	\$65
Tow Pound Contract	0	0	0	193	0	193
<b>Total, PEGs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$258</b>	<b>\$0</b>	<b>\$258</b>
<b>New Needs</b>						
<b>Total, New Needs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Adjustments</b>						
Collective Bargaining	\$136	\$0	\$136	\$170	\$0	\$170
Heat, Light and Power	14	0	14	7	0	7
Lease Adjustment	0	0	0	157	0	157
OATH Transfer	0	0	0	(2361)	0	(2361)
Various Funding Rolls	(700)	0	(700)	700	0	700
Other FY11 Adjustments	0	13	13	(38)	0	(38)
<b>Total, Other Adjustments</b>	<b>(\$550)</b>	<b>\$13</b>	<b>(\$537)</b>	<b>(\$1,365)</b>	<b>\$0</b>	<b>(\$1,365)</b>
<b>Total Changes to Agency Budget</b>	<b>(\$550)</b>	<b>\$13</b>	<b>(\$537)</b>	<b>(\$1,107)</b>	<b>\$0</b>	<b>(\$1,107)</b>
<b>Agency Budget as of May 2011 Plan</b>	<b>\$30,910</b>	<b>\$13</b>	<b>\$30,923</b>	<b>\$31,067</b>	<b>\$0</b>	<b>\$31,067</b>

## Program to Eliminate the Gap (PEGs)

- ☑ **Tow Pound Contract.** In Fiscal 2012, TLC plans to increase the number of seized vehicles by its enforcement staff and will sign a contract with a tow pound provider. This action will result in additional revenue of \$312,000 in Fiscal 2012 and \$624,000 in Fiscal 2013 and the outyears. The revenues are offset by related expenses of \$193,000 for three additional positions. Before now, only limited impound space provided by the NYPD was available to the TLC. The tow pound contract will provide additional impound space to the TLC and residual revenue to the City from the tow pound operator.
- ☑ **Enforcement Initiatives.** By modifying refusal fines and other types of fines, and increasing enforcement, the TLC will generate additional revenues of \$1.2 million in Fiscal 2012 and the outyears offset by related expenses of \$65,000 in Fiscal 2012 and \$657,000 in Fiscal 2013 and the outyears for eight positions that would be hired by the end of Fiscal 2012 and related OTPS costs.
- ☑ **Transfer of the Commercial Motor Vehicle Tax.** The Fiscal 2012 Executive Plan includes a proposal that would transfer to the TLC the collection function of the Commercial Motor Vehicle Tax for its licensees from the Department of Finance. This action is anticipated to result in additional revenue collection from enforcement efforts of \$300,000 in Fiscal 2012 and \$600,000 in Fiscal 2013 and the outyears. The Commercial Motor Vehicle Tax is paid by commercial vehicle operators at the time of vehicle registration; as such some livery car operators who register their vehicles in New Jersey have been able to avoid paying the fee without detection. This action will transfer the collection function to the TLC who is better equipped to detect the infraction.
- ☑ **OATH Transfer.** In an effort to streamline functions and reduce duplication, the Fiscal 2012 Executive Plan includes funding transfer of \$2.4 million in Fiscal 2012 and the outyears for 23 administrative law judge positions and related OTPS costs from TLC's Budget to the Office of Administrative Trials and Hearings Budget.

## Revenue Summary

The Fiscal 2012 Revenue Budget for the Commission is projected to be \$42.4 million, an increase of 6.7 percent or \$2.7 million when compared to the Fiscal 2011 Adopted Budget amount of \$39.8 million. The Commission anticipates additional revenues to be derived from increased drivers' license fees, increased initial medallion vehicle inspection fees, and the implementation of a new fee for visual inspections of for-hire vehicles. Of the projected Fiscal 2012 revenue amount, \$29.3 million will come from medallions and for-hire vehicles licensing, permit and franchise fees and \$7.6 million will come from charges for taxi inspections and transfer fees. Unlike in prior years, no revenue is currently recognized from taxi fines and forfeitures in Fiscal 2012.

### AGENCY REVENUE OVERVIEW

Agency Revenue Sources	Fiscal 2011 Adopted Budget	Current Modified Budget for Fiscal 2011	Executive Budget for Fiscal 2012
License, Permit & Franchises	\$27,600,000	\$27,600,000	\$29,334,000
Charges for Services	\$4,877,000	\$4,877,000	\$7,598,000
Fines and Forfeitures	\$7,300,000	\$7,300,000	\$0
Intra-City Revenue	\$0	\$3,143	\$0
<b>TOTAL</b>	<b>\$39,777,000</b>	<b>\$39,777,000</b>	<b>\$42,432,000</b>

## Appendix A: Budget Actions in the November and February Plans

<i>Dollars in thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of the June 2010 Plan</b>	<b>\$31,260</b>	<b>\$0</b>	<b>\$31,260</b>	<b>\$30,716</b>	<b>\$0</b>	<b>\$30,716</b>
<b>Programs to Eliminate the Gap (PEGs)</b>						
Driver's License Fee Increase	\$0	\$0	\$0	\$689	\$0	\$689
Medallion Inspection Fee Increase	0	0	0	478	0	478
New For-Hire Vehicle Inspection Fee	0	0	0	291	0	291
<b>Total, PEGs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,458</b>	<b>\$0</b>	<b>\$1,458</b>
<b>New Needs</b>						
<b>Total, New Needs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Adjustments</b>						
Continuation of Contract Services	\$200	\$0	\$200	\$0	\$0	\$0
<b>Total, Other Adjustments</b>	<b>\$200</b>	<b>\$0</b>	<b>\$200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Agency Budget as of the January 2011 Plan</b>	<b>\$31,460</b>	<b>\$0</b>	<b>\$31,460</b>	<b>\$32,174</b>	<b>\$0</b>	<b>\$32,174</b>