

**CONGRESS PASSES H.R. 2546**  
**The Real Interstate Driver's Equity Act (THE RIDE ACT)**

In November 2002, H.R. 2546, The Real Interstate Driver's Equity Act the Ride Act passed Congress and was signed into law by President Bush.

**Industry**

The for-hire vehicle industry is made up of 18,600 companies that provide local, for-hire passenger transportation service. The services that make up the for-hire vehicle industry include taxicab, black car, airport shuttle, executive sedan, and limousine. The companies that provide these services operate 254,000 vehicles and transport over 2 billion passengers each year.

The various segments of the for-hire vehicle industry are regulated either at the state, county, or municipal level of government. For example, limousines are often regulated at the state level and generally have minimal regulation, while taxicabs are typically regulated at the municipal level and generally have to meet extensive requirements. Enforcement of the regulations is generally handled at the same level of government that issues the authorizing permit. Regardless of which governmental agency issues the license, nearly all agencies charge a licensing fee and provide a decal or license plate that is readily visible to enforcement officials.

To protect public safety, vehicles that are not licensed to provide local, for-hire transportation service are prevented from making passenger pickups in that locality. The penalties for an illegal pickup range from a nominal fine to impoundment of the vehicle and a large fine. This form of enforcement is practiced nearly universally.

The federal government does not regulate the for-hire vehicle industry except when a trip crosses a state line, at which point the carrier may become subject to the Federal Motor Carrier Safety Regulations (FMCSR).

**Problem #1**

Operators who are legitimately licensed in their home state are also required in many instances to obtain a license from a licensing authority in an adjacent state for that operator to be able to make a prearranged pickup of their passenger in the adjacent state to bring them back to a location in the originating state.

For example, a limousine company that is licensed in New Jersey may legitimately take its passenger to a meeting in New York City. However, unless that New Jersey limousine company also licenses its vehicles in New York City, the New York City Taxi and Limousine Commission prohibits the company from picking up the passenger in New York City and returning him/her to a location in New Jersey. If the New Jersey-based and licensed company does pick up in New York City without obtaining a permit from the city, then the Taxi and Limousine Commission can, and does, put the passenger out of the

vehicle and makes them find another form of transportation, impounds the vehicle, and fines both the company and the driver.

### **Resolution**

H.R. 2546 provides a very limited federal preemption of state/local licensing authority exclusively for prearranged passenger trips that cross a state line, are provided in a vehicle that seats 15 people or less (including the driver), is provided by a carrier that is properly licensed in its home state, and that meets all applicable federal requirements for interstate transportation. There is also a provision that allows for nondiscriminatory driver background checks and/or drug testing.

### **Problem #2**

Taxicab service is exempt from the insurance requirements of the FMCSR. However, the current definition of taxicab service is imprecise, leading to confusion over what constitutes taxicab service for Motor Carrier Act purposes.

### **Resolution**

H.R. 2546 defines taxicab service as passenger transportation in a motor vehicle having a capacity of not more than eight passengers (including the driver), not operated on a regular route or between specified places. In addition, either the vehicle must be licensed as a taxicab, or the transportation must be offered by a company providing local transportation for a fare determined primarily on the basis of distance traveled (except for airport trips), and that does not primarily provide transportation to and from airports.