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Transportation Standing Committee
July 5, 2012

TO: Chair and Members of Transportation Standing Committee

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Brad Anguish".

Brad Anguish, Director, Community and Recreation Services

DATE: June 18, 2012

SUBJECT: Taxi Medallion Proposal

INFORMATION REPORT

ORIGIN

On April 26, 2012, the Transportation Standing Committee requested a staff report relative to a Taxi Medallion proposal. On May 24, 2012, the Transportation Standing Committee amplified their report request to include taxi license limitations, taxi zones, and the taxi owner license waiting list.

BACKGROUND

A Taxi Medallion Proposal was submitted by industry to the Mayor and Councillors for consideration in July 2011.

On April 26, 2012, authors of the Medallion Proposal made a presentation to the Transportation Standing Committee. Following that presentation and a subsequent meeting of the Transportation Standing Committee on May 24, 2012, a staff report was requested relative to the Medallion Proposal. At that time, staff was also asked to reconsider industry reforms not adopted in a 2008 staff report on issues such as taxi license limitations, taxi zones and the taxi owner license waiting list.

BACKGROUND

The request from the Transportation Standing Committee meeting on May 24 2012, relative to license limitations, taxi zones and the license waiting list, is currently addressed in a separate Transportation Standing Committee report titled "Amendments to Administrative Order 39 and By-law T-108 Respecting Taxi and Limousine Regulations".

DISCUSSION

A "Medallion" is a decal which is placed on the outside of a taxicab to present physical evidence that the vehicle is licensed and can be used as a taxicab. In some jurisdictions such medallions are allowed to be transferred or sold which effectively creates license transferability. In October 2000 the HRM submitted to the Province of Nova Scotia a request to permit license transferability. This request was denied by The Government Legislative Committee as the *Motor Vehicle Act* required amendments. The Medallion proposal currently being put forward is essentially for the purpose of providing taxi owner license holders in the HRM with an opportunity to sell or lease their Medallion.

HRM's current standard is that taxi licenses are non-transferable. This direction and standard was re-affirmed by the following motion of Regional Council on June 17, 2008:

"MOVED BY Councillor Karsten, seconded by Councillor Sloane, that Taxi owner and driver licenses continue to be non-transferrable. MOTION PUT AND PASSED.

Legal Perspective:

In Nova Scotia, the authority for a municipality to regulate and license taxis' is expressly set out under the *Nova Scotia Motor Vehicle Act* (MVA) section 305. Further, MVA section 306 restricts the powers of municipalities in the regulation, licensing or identification of vehicles to the powers set out in the MVA. By definition a licence is an authorization to do something and accordingly the MVA would not support turning a licence into a personal property. In addition, the proposed concept is premised on privately owned medallions, and that HRM could only issue licences to individuals holding a medallion. The MVA section 305(4)(a) imposes an annual license fee that municipalities can charge and section 305(4)(d) prevents the municipality from limiting either directly or indirectly the number of vehicles, drivers or types of passengers of accessible taxis, therefore such a concept could not apply without an amendment to the MVA.

Another concern presented by the medallion proposal is in respect of its revenue raising aspect. Under section 92 of the *Constitution Act*, 1867, the provinces (and by necessary implication municipalities) must raise revenues by direct taxation i.e. provinces can not raise revenue unrelated to the costs of providing a service except by imposing a direct tax. Therefore a medallion fee would be invalid if it is unrelated to the cost any service provided by the municipality, (otherwise its primary purpose would be to raise revenue and as such would be an indirect tax). To obtain the suggested revenues HRM would have to impose such a tax rather than a fee, and this would also require amendment to the MVA to allow this form of taxation.

An artificially restricted supply of owner licenses institutes economic barriers for taxicab ownership thereby permitting the holders to earn significant economic rents or profits upon their sales. In such a system the greatest beneficiary is almost exclusively the first owners who are normally grandfathered. New entries into such a taxi system are faced with huge financial overheads due to the Medallions artificially inflated value from limitations, or when a driver can't afford a Medallion they must enter into a lease arrangement and not subject to regulation.

Other Municipalities:

Historically the focus within systems which have transferability has been on preserving the value of the owner license while protecting investment by opposing the issuance of new licenses. These systems require restricted license issuance to maintain the value of a transferable license. Owners in these structures do not necessarily operate these vehicles and therefore for the most part, do not contribute value to the industry nor concern for the actual on-road performance of the licenced taxi and the quality of its service.

In an attempt to improve industry service deliverables, through an owner operator focus, other municipalities that have license transferability are considering reforms or have amended the way owner licenses are issued. Examples of these changes by some municipalities include limits to transferability and restrictions to ensure owners are the taxi operators.

BUDGET IMPLICATIONS

There are no budget implications as a result of this report.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

The HRM's Taxi Medallion proposal has been reviewed at the Taxi Liaison Committee. The Committee encouraged staff further review the Medallion proposal prior to making recommendations to the Transportation Standing committee.

ENVIRONMENTAL IMPLICATIONS

None identified.

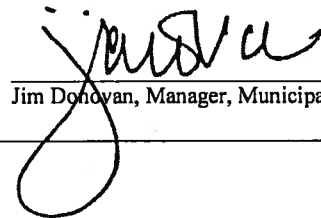
ATTACHMENTS

None.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Report Approved by:



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