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This month I would like to spend some time talking about my regulatory travels and adventures in the State of Pennsylvania, and to focus the spotlight on the City of Philadelphia. It is apropos that I am writing this column on the 4th of July, having just witnessed many regulatory fireworks displays involving the City of Brotherly Love, where the industry and government have not been getting along too well lately.

The cause of the controversy stems from the transfer of jurisdiction for the regulation of various forms of Philadelphia for-hire ground transportation from the Pennsylvania State Public Utilities Commission (PUC) to the Philadelphia Parking Authority (PPA) on April 10, 2005. The industry has sought to declare their independence from regulation, both in the courts and before the legislature. It comes as no surprise that as the PPA seeks to institute reforms, by enhancing licensing standards and customer service initiatives such as GPS and credit cards, that there would be push-back from the industry. However, much of the recent opposition is not revolutionary, but a series of skirmishes that will most likely be won by the regulator when the dust settles.

First there was an eye-opening decision of the Commonwealth Court of Pennsylvania on April 28, 2010, invalidating all of the PPA's rules and regulations due to an alleged failure to follow the proper administrative rule promulgation procedures. Germantown Cab Corp., a limited rights taxicab company, received a routine PPA summons for picking-up a passenger outside the scope of its authorized area, and filed a lawsuit challenging the entire regulatory structure. The Court, analyzing the plain language of the State Commonwealth Documents Law, held that since the PPA failed to obtain the required public comment, Attorney General approval, and to file the regulations with the Legislative Reference Bureau – none of the PPA rules were valid. However, the PPA immediately sought and obtained a stay of the ruling as it appeals the decision to the Pennsylvania Supreme Court. This is a Pyrrhic victory for the industry, however, as all the PPA needs to do is simply re-promulgate its rules to render the lawsuit ruling moot. Meanwhile, cooler heads have prevailed and industry leaders have stated that they intend to continue to follow the PPA rules for now for the sake of maintaining order. Stability is especially important for the PPA as Capital One Bank (a significant lender and IATR sponsor),

under the leadership of Executive Vice President Richard Antonacci, recently entered the Philadelphia market. The silver lining here is that this may be an opportunity to further improve the PPA's rules, and to work with the industry to possibly compromise and resolve some issues of contention outside the courts.

It comes as no surprise that industry advocates have been feeling their oats in light of the *Germantown* decision and have ramped-up their offensive against the PPA. This time, the limousine industry had its turn on the legislative front, courtesy of the Philadelphia Regional Limousine Association. At the request of the Philadelphia government, I testified, as President of the International Association of Transportation Regulators (IATR), before the State of Pennsylvania General Assembly, in opposition to House Bill No. 2434 - which sought to diminish the licensing standards of the limousine industry by transferring jurisdiction from the PPA back to the PUC. My testimony was heard on June 24, 2010 by the House Committee on Consumer Affairs, and according to Philadelphia officials including PPA Director James Ney, was instrumental in helping to halt the progress of this bill.

The IATR Board of Directors felt it was important to support the efforts of the PPA. While we took no position on whether either a State or a locality can more effectively regulate specific industries, we did express our view that it would be more effective and practical for "all" for-hire ground transportation services to be regulated by a single entity – not multiple entities. House Bill 2434 would have transferred jurisdiction to the PUC without further review, regressing to its old regulations that would have the effect of diminishing customer service and public safety safeguards for the passengers of the City of Philadelphia. For example, the PUC regulations could lead to older vehicles being on the road, no driver training program and less frequent criminal background checks without any government verification.

Under current PPA regulations, a car with 350,000 miles or more would be taken off the road and fail inspection, while PUC regulations would allow vehicles with unlimited mileage to stay in service. With regard to driver training, the PPA offers a 5 day course which requires a passing grade on a test before a driver certificate is issued while no training is required under PUC rules. Finally, and of the most concern from a public safety standpoint, a return to the PUC regulations would require the limousine company, and not the government, to conduct criminal background checks – which raises the concern that some companies may neglect to conduct those important checks or share them with the PUC. Also, PPA regulations not only require that the government perform the background checks, but that all felons are excluded from having a license until 5 years have passed from sentencing, including probation or parole – whereas under PUC regulations, convicted felons may be immediately placed on the road pending a review.

As to the issue of having all for-hire service regulated under one roof, no compelling reasons were offered for the IATR to support having limousines regulated separately. No different level of expertise, inspection equipment or any other reason has been established that would justify transfer of jurisdiction from the PPA to the PUC. Absent such justification, the common regulatory standards that are applied to drivers and owners of both taxicabs and limousines would make uniform licensing and enforcement more efficient, fair and practical from an administrative point of view. It is a waste of government resources to pay for and

develop different systems, hire additional staff and carry out identical functions in two locations many miles apart.

The IATR was happy to come to the assistance of the PPA on this important local matter, at a time of instability and unrest. While the IATR usually focuses on national and international policy matters, it does endeavor to support its members where broader principles are at stake. While the IATR is proud to have both the PPA and PUC as our members, we were grateful that both government agencies opposed the legislation in question.