



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

September 23, 2015

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*
County Auditor

FROM: Inez N. Claggett *INC*
Legislative Auditor

RE: Fiscal Impact Statement
CB-72-2015 Transportation Services Improvement Fund

Pursuant to your request, we have reviewed CB-72-2015 to estimate its fiscal impact on Prince George's County, Maryland.

Chapter 204 (Senate Bill 868) of the 2015 Session of the Maryland General Assembly established a regulatory framework for transportation network services¹, and the Public Service Commission (PSC) was granted authority to promulgate regulations to implement the framework. SB 868 also authorized local governments to assess a surcharge on transportation network services that originate in their jurisdiction according to certain requirements.

CB-72-2015 adds Section 20A-212 to the Prince George's County Code to establish a transportation network services surcharge to be used to fund a Transportation Services Improvement Fund (the "Fund"), to introduce methods to finance the Fund, and to provide for disbursements from the Fund for transportation purposes.

CB-72-2015 establishes a \$0.25 surcharge on each accepted trip originating in the County by way of a transportation network company's² digital network. The surcharge is to be collected by the transportation network company and shall be remitted to the Comptroller of Maryland (Comptroller) no later than 30 days after the end of a calendar quarter. The Comptroller shall distribute, on a quarterly basis, to an administrative cost account, no more than 5% of the revenue received from the assessed surcharges. The remaining revenue received from assessed surcharges must be distributed within 45 days of the end of the calendar quarter to the County or Municipality that was the source of the revenue.

County revenue received from the imposition of the transportation network services surcharge shall be appropriated to the Transportation Services Improvement Fund. The Fund may also be funded by appropriations from the County Council and from funds received from other public and private entities.

The County Executive is authorized to establish procedures, by regulation, to govern when and how to make distributions from the Fund. Any regulations proposed shall be approved by the County Council. Disbursements from the Fund must be used to increase, but not supplant, existing funding for bus transportation services in the County, and to offset the higher operational costs of accessible taxicab services for owners and operators.

An annual report shall be prepared by the County Executive containing a detailed description of how fees accumulated in the Fund were expended, and the amount of fees collected. The Report shall be provided to the County Council by December 1 of each fiscal year.

CB-72-2015 is anticipated to have a positive fiscal impact on the County as a result of the establishment of a new revenue source for the County. An estimate of the impact cannot be reasonably determined at this time as there is no basis upon which to establish an approximation. Staff within the Office of Audits and Investigations contacted two transportation network companies and both declined to provide information regarding their company's transportation services, provided within Prince George's County, by their operators.

If you require additional information, or have questions about this fiscal impact statement, please call me.

¹ - SB 868 defines Transportation network services as the activities of an operator during: (i) transportation network coverage period one, during which the operator is logged onto and ready to accept a prearranged ride request made through a transportation network company's digital network application; (ii) transportation network coverage period two, during which the operator accepts a ride request from a passenger that is prearranged through a transportation network company's digital network application, and is traveling to a predetermined location to pick up the passenger; and (iii) transportation network coverage period three, during which the operator transports the passenger and continuing until the passenger departs the motor vehicle.

² - SB 868 defines a transportation network company as a company that has been issued a permit by the PSC and operates in the State using a digital network to connect passengers to transportation network operators or transportation network partners for transportation network services.