

**Used Vehicle Taxicab Pilot: Final Report**  
**March 12, 2017**

**Introduction**

For several decades, the Taxi and Limousine Commission (“TLC”) prohibited used vehicles from entering taxi service due to safety and emissions concerns<sup>1</sup>. The development of new and cleaner vehicle technologies combined with TLC’s stringent vehicle inspections prompted the TLC to test the safety and emissions of, and industry demand for, used vehicles through a pilot project.

The Used Vehicle Pilot (“Pilot”), approved in January 2015, was created to guide potential TLC rulemaking by evaluating several areas related to used vehicles. First, the TLC sought to determine whether permitting used vehicles to be placed into service as taxicabs would reduce vehicle owner costs. Second, the TLC wanted to test whether the use of such vehicles would provide flexibility to those vehicle owners looking to transition between the for-hire and taxicab segments. Finally, the TLC was interested in gathering information related to the durability of used vehicles.

In April 2016, the TLC Commissioners extended the Pilot’s duration by an additional year in response to ongoing licensee interest. Additionally, the TLC made available financial assistance through the Taxicab Improvement Fund (“TIF”) for those placing a used wheelchair-accessible vehicle into service as a taxi.

Feedback received from Pilot participants indicated general satisfaction with the decision to operate a used vehicle. The collected data establishes no measurable impacts on safety or emissions. After an analysis of all the above-mentioned factors, it is therefore recommended that the TLC allow used vehicles to operate as taxicabs.

**Pilot Parameters**

*Vehicles*

The Pilot exempted owners from the requirement that only “new vehicles” (defined by TLC rules as vehicles with less than 500 miles on the odometer) may be placed into service as taxicabs, as long as the used vehicle met the following criteria:

- a) *The vehicle was previously licensed by the TLC.* The TLC collects and saves detailed inspection data on all its licensed vehicles, therefore this requirement enabled the agency to use its historic data on Pilot vehicles to evaluate any changes regarding safety and emission inspection results.

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<sup>1</sup> In 1996, the TLC Commissioners adopted rules requiring both that only new vehicles could be placed into service as a taxicab and also that taxis be removed as per the vehicle retirement scheduled provided in the rule. Prior to 1996, used vehicles could be placed into service and no vehicle was limited to the length of time it could remain in service.

- b) *The vehicle was a model approved for use as a taxicab at time of entry.* This requirement ensured taxicab standards, including those impacting passenger comfort and safety, were not impacted by the use of used vehicles.
- c) *The vehicle was no more than two years old at time of entry.* This step was taken to reduce the possibility of any unforeseen negative impacts from operating used vehicles.
- d) *The vehicle passed its last TLC safety and emissions inspection.* This requirement was meant to ensure that the vehicle was in good working order.

Any approved vehicles received a retirement date equal to the standard seven-year retirement schedule applicable to all new taxicabs, less the age of the vehicle<sup>2</sup>.

Inspections

All licensed vehicles are regularly inspected by TLC to ensure they meet state standards for safety and emissions as well as all marking and equipment standards required by TLC. Rules require that taxicabs must be inspected three times per year. Because of this, these vehicles receive the DMV-required annual inspection, as well as additional TLC-specific checks, every four months. This rigorous inspection schedule ensures that our licensed taxicabs are safe for public roads.

A variety of tests take place during inspection to ensure the proper functioning of a vehicle’s emission systems, brakes, and visual components. If one or more tests are failed, the vehicle owner must resolve the issue and return for re-inspection. Should a vehicle fail inspection, it is not permitted to operate for-hire until the issue has been resolved and a passing grade has been conferred<sup>3</sup>.

**Quantitative Analysis**

Participant Summary

<b>Item</b>	<b>Count</b>
Approved Participants	15
Used Vehicles Placed into Service	13
Used Vehicles on the Road Today	7
Used Vehicles No Longer In Service	6

<sup>2</sup> For example, a model year 2014 vehicle placed into service in 2016 would be two years old and, as such, would have the standard seven-year retirement schedule reduced to five years.

<sup>3</sup> Occasionally, a vehicle is deemed unsafe to operate under the TLC’s rules. This usually occurs when a vehicle presents too many issues that have not been or cannot be effectively repaired, *e.g.*, if it has been in a major collision. In such cases, the vehicle is stripped of its license and can no longer operate for-hire service.

Throughout the duration of the Pilot, 15 vehicle owners applied and were approved for participation, as seen in the chart above. All except two placed their vehicles into service as a taxicab and participated in the Pilot<sup>4</sup>.

Beginning mileages for participating vehicles ranged from under 4,000 to over 110,000. The average mileage at entrance was 39,281 and the median was 35,407. For a taxicab, this is roughly equivalent to an eight-month-old vehicle. The majority of vehicles were 2014 models, with one from 2013 and two from 2015.

Seven of the 13 used vehicles performed at least one trip as recently as December 24, 2017. By contrast, six of the vehicles, or 46%, are no longer being used for taxi service. The TLC learned from participant interviews that this attrition is due not to any issue related to the use of a used vehicle but rather to current changes in the for-hire industry. Many of these participants either sold their vehicles or kept them for personal use and pursued other avenues of employment.

Inspection Data

To evaluate performance, we reviewed the TLC’s vehicle inspection records generated at the agency’s Woodside inspection facility. The 13 participating vehicles had 77 total inspections during the Pilot. Fifty-eight of these 77 inspections, or 75%, resulted in a passing score. Four of the 13 vehicles passed every inspection they received.

Of these 77 inspections, 59 were initial inspections<sup>5</sup>, for which there was a pass rate of 73%. From the 15 initial inspections that resulted in failures, only two, or 13%, were emissions-related, and one was brake-related. The other inspection failures were due to easily reparable visual issues, particularly with lights (these include headlights, license plate lights, or parking lights). For each of the 15 initial inspection failures, the defects were corrected and the vehicles remained in service.

The inspection results of the Pilot vehicles are on par with those found in the industry-wide taxicab inspection data. To calculate industry-wide average pass rates in order to compare with Pilot participants, the TLC used 2016 inspection data to analyze model year 2014 taxicabs<sup>6</sup>. As seen in the chart below, the findings from the Pilot are consistent with the industry average.

	<b>All 2014 Model Year Vehicles in 2016</b>	<b>Pilot 2014 Model Year Vehicles in 2016</b>
<b>Initial Fail Rate</b>	28%	27%
<b>Initial Failures: Emissions-Related</b>	14%	13%

<sup>4</sup> Unfortunately, these two owners could not be reached for comment to determine why they ultimately declined participation. We attempted to reach these individuals every four months throughout the duration of the Pilot, and one more time after the Pilot ended.

<sup>5</sup> Initial inspection refers to the first time the vehicle had been seen for the regularly-scheduled triannual inspection. Re-inspection is necessary when a vehicle does not pass initial inspection.

<sup>6</sup> In 2016 there were 17,214 inspections of 4,489 model year 2014 yellow taxicabs.

<b>Initial Failures: Brake-Related</b>	8%	7%
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**Qualitative Analysis:**

*Participant Feedback*

Throughout the duration of the Pilot, the TLC contacted participants every three months for their feedback. Participants generally expressed satisfaction with their decision to operate a used vehicle.

The TLC’s questions for participants focused on the following themes:

- a) Overall participant satisfaction;
- b) Additional costs, if any, associated with the operation of a used vehicle; and
- c) Unforeseen consequences of operating a used vehicle.

Some participants already owned their vehicle prior to joining the Pilot and benefited from the Pilot’s goal of increased mobility between industry sectors. Those who purchased a used vehicle in order to join the Pilot were satisfied with their choice. Participants who provided the TLC with vehicle cost information paid between \$9,000 to \$24,000, and in all cases paid this price over a three-year time period<sup>7</sup>. These participants believed the purchase price was reasonable because they were able to procure a nearly new vehicle for significantly less than its Manufacturer’s Suggested Retail Price.

The majority of negative feedback received by the TLC focused on general vehicle regulations rather than the used vehicles themselves. Specifically, participants criticized the limited choice of models, new or used, approved for taxicab service, and also the requirement that Pilot vehicles be no more than two years old. One participant stated that “many more” drivers would have been interested in participating if the TLC had allowed a broader range of vehicle make, model and year. As explained above, however, the vehicle selection parameters were set in order to reduce variables in our evaluation of Pilot participant vehicles.

No driver reported having received negative comments from passengers regarding their vehicles. In fact, drivers stated that passengers did not realize they were in a vehicle that was not new when placed into service.

**Pilot Parameters and Policy Options**

The Pilot’s parameters were intentionally narrow to reduce variables in our evaluation of the Pilot. Moving beyond the pilot, TLC staff have considered the possibility of offering owners broader vehicle choice as part of future rulemaking.

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<sup>7</sup> Of the 13 participants, we were able to speak with, and get vehicle costs and payment timelines from, 3 drivers.

Parameter 1: *The vehicle was previously licensed by the TLC:*

According to TLC trip data, the average taxicab amasses 55,000 miles per year, or about 1,000 miles per week. This is far higher than the New York State standard, where the average vehicle amasses around 11,000 miles per year<sup>8</sup>, or around 200 miles per week. Therefore, a used vehicle that has not been licensed is likely to have a lower odometer reading, and therefore be in better condition than a used vehicle that has been already licensed. Given that all vehicles placed into service must first pass TLC's rigorous inspection, the TLC should allow a used vehicle to be placed into service as a taxicab, whether or not it was previously licensed by TLC. By not imposing a requirement that the vehicle be previously licensed by TLC, this requirement would mirror those in other segments, which permit the use of new or used vehicles without a requirement that any be previously licensed by TLC.

Parameter 2: *The vehicle was a model approved for use as a taxicab at time of entry:*

As important passenger comfort and safety considerations inform TLC taxi vehicle specifications, TLC should apply the pilot requirement that all used vehicles meet all applicable vehicle specifications at the time they are placed into service. As such, uniform vehicle specifications would apply to new and used vehicles.

Parameter 3: *The vehicle was no more than two years old at time of entry:*

The analysis in the previous section revealed that Participant vehicles performed on par with other two-year-old vehicles already in the taxi fleet from the beginning through the end of the Pilot. From this, TLC staff have deduced that any older vehicle that enters the taxi fleet will perform similarly to vehicles of similarly-aged vehicles already in the fleet.

*The vehicle passed its last TLC safety and emissions inspection:*

This parameter was put in place to ensure the vehicle was in good working order when previously licensed by TLC. However, as all used vehicles would undergo an emission inspection upon being placed into service – and could only enter service if the emission inspection was passed – the requirement that owners demonstrate passage of prior emission inspections is not necessary.

### **Recommendation**

It is recommended that the TLC commence rulemaking to allow used vehicles, whether previously licensed or not, to be placed into taxicab service. Participants were very satisfied with their vehicle and its low purchase cost. Inspection data did not reveal any safety or environmental issues from driving used vehicles. In terms of inspection pass rates, there is no difference between a vehicle that entered taxicab service new or used. Allowing this change would reduce purchase costs for owners without compromising safety or emissions standards.

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<sup>8</sup>U.S. Department of Transportation, Federal Highway Administration, <https://www.fhwa.dot.gov/policyinformation/statistics.cfm>. Accessed 28 Feb. 2018.

Although the Pilot tested for vehicles aged two years or less, we recommend, given the lack of any measurable impact from operating used vehicles, that new rules permit any vehicle age up to seven. We believe the TLC's rigorous testing adequately ensures all vehicles, whether they be placed into service new or used, meet TLC's robust safety and emissions standards.