


Robert Cennamo

FROM	NAME & TITLE	Robert Cennamo, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 454, City Hall (410) 396-4940		
	SUBJECT	City Council Bill #19-0324 Dockless Vehicles Regulation and Taxation		

TO

DATE:

The Honorable President and
Members of the City Council
Room 400, City Hall

March 18, 2019

City Council Bill 19-0324 is being introduced for the purpose of establishing the Dockless Vehicles Program. This legislation covers permit granting and revocation, vehicle seizures, data sharing, regulation and standards of operation, bike lane provisions, and taxation.

Background

The Department of Transportation launched a pilot program for shared dockless vehicles on August 15, 2018. The program operated until February 28, 2019. Currently, the results of the program are being evaluated by the Dockless Vehicle Committee. Dockless vehicles include manual bicycles, e-bicycles, and e-scooters, which are available to the public for rent. There are currently three companies that have entered into agreements to provide and maintain these vehicles within Baltimore City: Bird, Lime and Spin. A fourth company – Jump – plans to enter the space with both bicycles and scooters later this year.

In January 2019 the City Council introduced the first iteration of legislation to regulate and tax dockless vehicle providers and users. Most notably, as it pertains to fiscal impact, this legislation permits the City of Baltimore to determine and impose a fee to support program administration; set limits on the number of dockless vehicle providers and total amount of vehicles that can operate in the City; establish permitting requirements for vehicle providers; mandate a performance bond from providers; establish fines for riders who violate rules for operating dockless vehicles; and mandate an excise tax for providers of vehicles.

Fiscal Analysis

Permits and Program Administration

This Bill requires all vendors to apply for a permit through a competitive and scored application. This Bill also limits permitting to no more than six providers and 12,000 total dockless vehicles among the three types that are currently made available by providers. The Department of Transportation (DOT) anticipates generating between \$350,000 and \$400,000 annually from permitting fees. Proceeds will be used to support the Department's budget for program administration. Preliminary projected administrative expenses include a full-time staff person, community education and engagement program, and right-of-way infrastructure, as well as other programmatic components.

Performance Bonds

This Bill requires that each vendor will pay their own reimbursable bond at the beginning of the permitted period. The Department of Transportation plans to charge \$10,000 for this purpose. This bond is intended to cover fees associated with towing and retrieving dockless vehicles from the harbor, damage to public property caused by these vehicles, and the removal and storage of vehicles that are parked illegally. Companies would either receive a refund at the end of the permitted year or carry any balance on the bond into the subsequent year if the permit is renewed.

DOT recommends this bond amount based on nationwide best practices, data gathered during the pilot period, and consultation with the Police Department’s Marine Unit. Since August 2018 the Marine Unit has only retrieved eight dockless devices from the harbor. Based on benchmarking research, DOT does not expect that costs resulting from vehicle towing, retrieval and storage, or damage to public property, will exceed the bond amount. However, the City could pursue other methods of recourse should expenses exceed a vendor’s bond amount, including terminating a permit or requiring a supplemental bond.

Citations and Fines

This Bill stipulates that the City will levy fines on dockless vehicle operators for unlawful operation and/or parking of eligible vehicles. The anticipated fine amount for each infraction is \$20. Revenues from fines will depend on ridership, compliance, and enforcement of the law. Assuming 1,380,000 riders annually and 2% non-compliance, this would yield estimated revenue of about \$550,000. This figure assumes a collection rate of 100% for all qualifying violations.

This ridership estimate was derived by DOT based on data available from the pilot program. The non-compliance figure is purely speculative and is meant to establish a frame of reference. Finance cannot determine at this time if more or less than 2% of riders will be non-compliant. What’s more, revenue from fines is expected to decrease in subsequent years, after vehicle operators adjust their behavior.

Excise Tax

This Bill stipulates that every provider of dockless vehicles will be subject to an excise tax. The anticipated tax amount will be 10 cents per vehicle rental period (i.e. from trip start to finish). This rate is based on national standards and puts the legislated fee in the same range as the current pilot fees.

Based on data provided by the programs currently operating in the City, the Department of Transportation estimates that total rides – accounting for all dockless vehicle modes – will amount to between 1,380,000 and 1,800,000 annually. This figure assumes that demand for dockless vehicles remains at current levels and that new entrants will be operating in an already saturated space. If demand wanes or greater availability increases operator enthusiasm, ridership could fall to the lower bound or grow to the higher bound of this estimate.

Assuming actual ridership trends toward the lower bound of this range, the City would generate \$138,000 from the proposed excise tax on an annual basis. At the higher bound of this range, the City would generate \$180,000.

Conclusion

The Department of Finance anticipates that the proposed legislation, using conservative estimates, could generate over \$1,000,000 in new revenue for the City while imposing expenditures of \$375,000. Due to the recent rise of dockless modes of transportation, growing number of entrants into the space, unknown consumer behavior, and the uniqueness of this legislation, Finance cannot provide specific estimates. A hypothetical fiscal estimate, based on the already discussed assumptions, is provided in the table below:

Fiscal Impact Category	Fiscal 2020 Revenue Estimate
<i>Permits & Administration</i>	\$375,000
<i>Citations & Fines</i>	\$550,000
<i>Excise Tax</i>	\$159,000
<i>TOTAL</i>	<i>\$1,084,000</i>

Note: Fiscal 2020 figures are based on averages and DOT estimates

Finance supports this legislation.

cc: Jeffrey Amoros