



## MYTHS & FACTS

### Chapter 46 Related to Vehicles-for-Hire

#### Amendments Approved 8/6/2014

**Myth:** The new ordinance relaxes public safety standards for Uber and Lyft.

**Fact:** The new ordinance strengthens public safety and consumer protection standards by applying the City's already stringent requirements to new entrants.

1. Public safety is non-negotiable.
2. All drivers must be licensed by the City and, as a part of the licensing process, each driver must undergo a fingerprint-based FBI background check<sup>1</sup>, a warrant check<sup>2</sup>, a drug test<sup>3</sup>, a customer service training course<sup>4</sup> and a physical examination<sup>5</sup>. In addition, all drivers must provide a driving record covering the three year period immediately preceding the submission of the application<sup>6</sup>.
3. All vehicles must be inspected by the City and are subject to specific requirements, including vehicle age limitations<sup>7</sup>.
4. Commercial automobile liability insurance must be maintained at all times the vehicle is in operation as a vehicle-for-hire.
5. Vehicles must be rendered for ad valorem taxation if used as a vehicle-for-hire.
6. Driver hours are limited to prevent driver fatigue.
7. Consumer interests are protected through the requirement for fare estimation capabilities and fare certainty.
8. Cell phone use by drivers (except hands-free) is prohibited at all times the vehicle is in operation.
9. Companies must maintain a local presence and provide contact information to consumers for real-time resolution of complaints and public safety concerns.

**Myth:** The new ordinance requires caps or limits the number of TNC vehicles allowed to operate either in the City or number of vehicles allowed to operate per TNC.

**Fact:** There is no such cap in the ordinance.

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<sup>1</sup> §46-6(c)

<sup>2</sup> §46-15(10)

<sup>3</sup> §46-6(b)

<sup>4</sup> §46-15.1(a)(8)

<sup>5</sup> §46-6(a)

<sup>6</sup> §46-15.1(7)

<sup>7</sup> §46-513

**Myth: The new ordinance does not require commercial automobile liability insurance coverage for UberX or Lyft.**

**Fact: The ordinance requires commercial automobile liability insurance at all times when the vehicle is operating as a vehicle-for-hire.**

1. Commercial automobile liability insurance as required in the Texas Motor Vehicle Safety Responsibility Act covering passengers and third parties during the time a driver is logged into the app and available to provide vehicle-for-hire services on the network, but has yet to accept a trip
2. Commercial automobile liability insurance with a combined single limit of \$1 million per accident, covering passengers and third parties from the time a driver is matched with and accepts a trip request until “the completion of the trip including the drop off of passenger(s) at their final destination...regardless of whether a driver is logged onto the TNC’s internet-enabled application or digital platform at any point following the acceptance of the trip request”
3. The policies must provide coverage regardless of whether the driver maintains adequate insurance to cover the claim
4. Personal automobile insurance policies contain a “livery exclusion,” excluding any commercial use of a personal vehicle from coverage. For this reason, app customers should only take a trip that has been booked through an application, and should ensure the driver is using the TNC application instead of some other, personal means, of booking the trip. TNC drivers relying on personal insurance alone, without additional commercial insurance, could potentially be providing service without any insurance coverage for their customers.

**Myth: Under the new ordinance, TNCs will have all the same privileges as traditional taxicabs.**

**Fact: The ordinance regulates TNCs with stringent public safety requirements while preserving some of the privileges of traditional taxicabs.**

1. The ordinance protects traditional taxicab privileges, like dedicated taxicab stands and the ability to accept street hails. TNCs are prohibited from using stands as well as accepting street hails.
2. Because TNC drivers are limited to dispatch networks, traditional cab stands will not be flooded by these new entrants. Rather than decrease traditional taxicab service, the increase in dispatch options will build upon Houston’s current transportation options and offer consumers shorter wait times and more reliable service.

**Myth: Taxicab companies and drivers will be required to either purchase a dispatch system or an app, or be affiliated with a dispatch system or an app.**

**Fact:** There is no such requirement in the ordinance.

**Myth:** TNCs do not have to pay taxes for using their vehicles for commercial purposes.

**Fact:** All vehicles-for-hire, including TNCs, must pay ad valorem taxes<sup>8</sup>.

**Myth:** The City of Houston is not enforcing against violators now and the new ordinance does not address enforcement.

**Fact:** The new ordinance increases the City's enforcement authority and options.

1. The new ordinance creates the authority for the City of Houston to impound vehicles-for-hire operating without a permit.
2. Regulators from other cities report impounding is one the most effective tools in ensuring permit compliance
3. Under the previous law, the City's enforcement options were limited to writing citations to violators
4. The City has been using all available enforcement tools to combat illegal operators and has issued 931 citations to date

**Myth:** The ordinance would reduce the transportation options available to the disabled community.

**Fact:** The new ordinance strengthens safeguards against discrimination and protections for disabled members of the riding public, while providing more accessible vehicle options for the disabled. The ordinance:

1. Requires that three percent of the entire vehicle-for-hire fleet be composed of wheelchair accessible vehicles (WAVs) within the first year of ordinance adoption.
2. Creates the Houston Transportation Accessibility Task Force, comprised of members from the transportation industry and the disabled community, to determine how this requirement will be applied across the different vehicle-for-hire classes, and whether the requirement needs to be greater than three percent. The task force will also gather evidence and provide recommendations to City Council regarding accessibility training for vehicle-for-hire drivers and incentives for companies to increase the number of WAVs in their fleets, review vehicle-for-hire operator accessibility plans, and recommend escalation procedures for customer complaints.
3. Gives the City the ability to revoke a vehicle-for-hire license or permit after the first instance of an egregious offense, such as discrimination<sup>9</sup>.

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<sup>8</sup> §46-3

**Myth:** The new ordinance requires all taxicab vehicles to be the same color or all taxicab vehicles associated with one dispatch company or app to be the same color.

**Fact:** There is no such requirement in the ordinance.

**Myth:** It is illegal to hail a taxicab on the street in the City of Houston.

**Fact:** Street hails for taxicabs have always been legal in Houston and remain legal under the new ordinance.

Full text of Chapter 46 and additional information is available on ARA's website  
<http://www.houstontx.gov/ara/>.