

Regulatory Analysis Form

(Completed by Promulgating Agency)

INDEPENDENT REGULATORY
REVIEW COMMISSION

2014 MAY - 8 PM 12: 38

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(All Comments submitted on this regulation will appear on IRRC's website)

(1) Agency

Philadelphia Parking Authority

(2) Agency Number: 126

Identification Number: 6

IRRC Number: 3039

(3) PA Code Cite: 52 Pa. Code Part II, Chapters 1013, Subchapter C.

(4) Short Title: Taxicab Medallion Sales by the Authority

(5) Agency Contacts (List Telephone Number and Email Address):

Primary Contact: Dennis Weldon, General Counsel, at PRM101@philapark.org, 215-683-9630 (FAX: 215-683-9619), 701 Market Street, Suite 5400, Philadelphia, PA 19106.

Secondary Contact: James R. Ney, Director, Taxicab and Limousine Division at jney@philapark.org, 215-683-6417 (FAX: 215-683-9437), 2415 South Swanson Street, Philadelphia PA 19148.

(6) Type of Rulemaking (check applicable box):

Proposed Regulation

Final Regulation

Final Omitted Regulation

Emergency Certification Regulation;

Certification by the Governor

Certification by the Attorney General

(7) Briefly explain the regulation in clear and nontechnical language. (100 words or less)

The Authority has been authorized by the Legislature through the act of July 5, 2012, (P.L. 1022, No. 119) ("Act 119") to issue up to 150 new taxicab medallions over the next 10 years, including medallions designated only for use on wheelchair accessible vehicles. When the Authority assumed regulatory responsibility over all taxicabs and limousines in Philadelphia from the Pennsylvania Public Utility Commission ("PUC") in 2005, all statutorily authorized medallions had already been sold by the PUC. The Authority seeks to promulgate this regulation to provide procedures for the sale of medallions.

(8) State the statutory authority for the regulation. Include specific statutory citation.

Sections 13 and 17 of the act of July 16, 2004, (P.L. 758, No. 94), *as amended*, 53 Pa.C.S. §§5701 *et seq.*, §§ 5722 and 5742; section 5505(d) of the Parking Authorities Act, act of June 19, 2001, (P.L. 287, No. 22), *as amended*, 53 Pa. C.S. §§ 5505(d)(17) (d)(23), (d)(24). The act of July 5, 2012, (P.L. 1022, No. 119) ("Act 119"), 53 Pa.C.S. §§ 5711(c)(2) and 5717(b).

(9) Is the regulation mandated by any federal or state law or court order, or federal regulation? Are there any relevant state or federal court decisions? If yes, cite the specific law, case or regulation as well as, any deadlines for action. No.

(10) State why the regulation is needed. Explain the compelling public interest that justifies the regulation. Describe who will benefit from the regulation. Quantify the benefits as completely as possible and approximate the number of people who will benefit.

The Authority has been authorized to sell 150 new medallions, but has no regulations in place to provide for such sales. The entire Philadelphia taxicab industry will benefit from having procedures related to the manner in which medallion bid sales will be conducted.

(11) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulations. N/A.

(12) How does this regulation compare with those of the other states? How will this affect Pennsylvania's ability to compete with other states?

The regulations are substantially similar to those of other states, including those which govern the medallion sale process by the New York City Taxicab and Limousine Commission. This is a basic regulation related to the manner in which taxicab medallions will be sold through sealed public bids and is not anticipated to have any competitive impact upon the Commonwealth.

(13) Will the regulation affect any other regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations. No.

(14) Describe the communications with and solicitation of input from the public, any advisory council/group, small businesses and groups representing small businesses in the development and drafting of the regulation. List the specific persons and/or groups who were involved. ("Small business" is defined in Section 3 of the Regulatory Review Act, Act 76 of 2012.)

Held a public comment hearing on February 12, 2014 at the Pennsylvania Convention Center. Reviewed all of the comments submitted to the proposed rulemaking.

(15) Identify the types and number of persons, businesses, small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012) and organizations which will be affected by the regulation. How are they affected?

The regulation will apply to those persons who wish to participate in the public competitive sealed bid process for the sale of medallions. Those participants will be greatly benefited through the existence of clear procedures related to the manner in which the process will be conducted. Nearly every current taxicab medallion owner in Philadelphia is a small business, so those entities will derive the greatest benefit from the regulation. Act 119 permits only 15 new medallions to be sold each year, for 10 years.

(16) List the persons, groups or entities, including small businesses, that will be required to comply with the regulation. Approximate the number that will be required to comply.

We incorporate our response to question No. 15. Because only 15 new medallions are authorized for sale each year the number of impacted parties is anticipated to be small; however, the presence of regulations governing the sale process will benefit all concerned. Again, the authorization of new medallions above the current statutory cap will continue each year until a total of 150 medallions have been authorized.

(17) Identify the financial, economic and social impact of the regulation on individuals, small businesses, businesses and labor communities and other public and private organizations. Evaluate the benefits expected as a result of the regulation.

There are currently no regulations to address the medallion sale process by the Authority. The creation of these regulatory guidelines is not anticipated to have any fiscal impact on the taxicab industry. The Legislature opted to authorize the new medallions; this proposed regulation merely creates a process through which that authorization may be realized. We incorporate responses to question Nos. 15 and 16.

(18) Explain how the benefits of the regulation outweigh any cost and adverse effects.

We incorporate our responses to question Nos. 15, 16 and 17. Every party involved in the public bidding process will benefit from the existence of these regulatory procedures. Without them, there will be no guidelines through which to sell these newly authorized medallions.

(19) Provide a specific estimate of the costs and/or savings to the **regulated community** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

There will be no additional costs or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required. Participation in the medallion sale process is voluntary and the requirements associated with qualifying to be a medallion owner remain unchanged from the existing regulations.

(20) Provide a specific estimate of the costs and/or savings to the **local governments** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived. None.

(21) Provide a specific estimate of the costs and/or savings to the **state government** associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required. Explain how the dollar estimates were derived.

The Authority will incur no costs associated with organization and issuance of the medallions that will not be subject to reimbursement by any revenue derived from the medallion sales through the Authority's annual budget process as provided in section 5707(a). The Authority already reviews approximately 140 medallion sales each year. The review of sales to only 15 additional buyers will be born by the existing infrastructure without a recognizable impact.

(22) For each of the groups and entities identified in items (19)-(21) above, submit a statement of legal, accounting or consulting procedures and additional reporting, recordkeeping or other paperwork, including copies of forms or reports, which will be required for implementation of the regulation and an explanation of measures which have been taken to minimize these requirements.

The existing medallion sale process is intentionally searching and requires the filing of several forms and documents to assure that prospective medallion owners are economically capable and otherwise competent to safely and legally operate a taxicab business. However, except for the completion of a form identifying a bid price, the sale review procedure will be the same that currently applied to all medallion sales.

(23) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Local Government	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
State Government(PPA)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Savings	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

COSTS:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Regulated Community	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Local Government	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
State Government	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
REVENUE LOSSES:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Regulated Community	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Local Government	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
State Government	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenue Losses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

(23a) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
n/a.	n/a	n/a	n/a	n/a

(24) For any regulation that may have an adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), provide an economic impact statement that includes the following:

(a) An identification and estimate of the number of small businesses subject to the regulation.

N/A

(b) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record.

N/A

(c) A statement of probable effect on impacted small businesses.

N/A

(d) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

N/A

(25) List any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, the elderly, small businesses, and farmers.

None.

(26) Include a description of any alternative regulatory provisions which have been considered and rejected and a statement that the least burdensome acceptable alternative has been selected.

No other alternatives were considered.

(27) In conducting a regulatory flexibility analysis, explain whether regulatory methods were considered that will minimize any adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), including:

- a) The establishment of less stringent compliance or reporting requirements for small businesses; N/A
- b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses; N/A
- c) The consolidation or simplification of compliance or reporting requirements for small businesses; N/A
- d) The establishment of performing standards for small businesses to replace design or operational standards required in the regulation; N/A
- e) The exemption of small businesses from all or any part of the requirements contained in the regulation. N/A. We incorporate our response to question No. 18.

(28) If data is the basis for this regulation, please provide a description of the data, explain in detail how the data was obtained, and how it meets the acceptability standard for empirical, replicable and testable data that is supported by documentation, statistics, reports, studies or research. Please submit data or supporting materials with the regulatory package. If the material exceeds 50 pages, please provide it in a searchable electronic format or provide a list of citations and internet links that, where possible, can be accessed in a searchable format in lieu of the actual material. If other data was considered but not used, please explain why that data was determined not to be acceptable.

Data is not the basis for this proposed regulation.

(29) Include a schedule for review of the regulation including:

- | | |
|---|---|
| A. The date by which the agency must receive public comments: | 30 days after publication in <i>Pa. B</i> |
| B. The date or dates on which public meetings or hearings will be held: | N/A |
| C. The expected date of promulgation of the proposed regulation as a final-form regulation: | N/A |
| D. The expected effective date of the final-form regulation: | August 1, 2014 |
| E. The date by which compliance with the final-form regulation will be required: | Upon publication in <i>Pa. B</i> |
| F. The date by which required permits, licenses or other approvals must be obtained: | N/A |

(30) Describe the plan developed for evaluating the continuing effectiveness of the regulations after its implementation.

The Authority will analyze information developed through medallion sales over the next 9 years to determine if alterations to the regulations are required.

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WITH THE LEGISLATIVE REFERENCE BUREAU**

(Pursuant to Commonwealth Documents Law)

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Copy below is hereby approved as to form and legality. Attorney General.

BY _____
(DEPUTY ATTORNEY GENERAL)

DATE OF APPROVAL

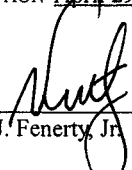
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Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:

Philadelphia Parking Authority
(AGENCY)

DOCUMENT/FISCAL NOTE NO. Docket No 126-6/ Fiscal Note 126-6.

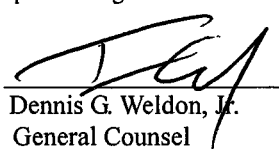
DATE OF ADOPTION April 29, 2014

BY 

Vincent J. Fenerty, Jr.

TITLE: Executive Director

Copy below is hereby approved as to form and legality. ~~Executive or~~ independent Agencies.

BY 

Dennis G. Weldon, Jr.
General Counsel

April 29, 2014
DATE OF APPROVAL

Check if applicable. No Attorney General approval or objection within 30 days after submission.

**Final Form Rulemaking No. 126-6
Final Rulemaking
Philadelphia Taxicab and Limousine Regulations
52 Pa. Code Part II, Sale of Medallions by the Authority**

The Philadelphia Parking Authority on April 29, 2014 adopted the final-form rulemaking order which establishes regulations for the sale of taxicab medallions by the Authority. The contact person is Dennis G. Weldon, Jr. General Counsel, 215-683-9630.

THE PHILADELPHIA PARKING AUTHORITY

In Re: Final-Form Rulemaking Order :
Philadelphia Taxicab and :
Limousine Regulations : Docket No. 126-6
: :
:

FINAL RULEMAKING ORDER

BY THE AUTHORITY:

The Authority is required to carry out the provisions of the act of July 16, 2004, (P.L. 758, No. 94), 53 Pa.C.S. §§5701 *et seq.*, *as amended*, (the “act”) relating to the regulation of taxicab and limousine service providers in the City of Philadelphia.¹ Pursuant to this obligation, the Authority issued a proposed regulation at this docket number on September 25, 2013. The initial public comment period for this rulemaking proceeding concluded on December 9, 2013, the Independent Regulatory Review Commission (“IRRC”) submitted its comments on January 8, 2014. The Authority has completed its review of the comments and now issues the final-form regulation.

Purpose of the Final-Form Regulation and Statutory Authority

The Authority assumed regulatory control of all taxicab and limousine operations in Philadelphia on April 10, 2005 through the implementation of Act 94. Prior to that time, the Pennsylvania Public Utility Commission (“PUC”) regulated that service and sold taxicab medallions as part of its regulatory duties.

Only those medallions authorized by the Legislature may be sold by the Authority. For most of the Authority’s tenure as regulator of taxicab service providers in Philadelphia number of medallion that had already been sold by the PUC prior to April 10, 2005 equaled the statutory cap. To date the Authority has not sold a medallion. However, an existing medallion numbered 1601 will be available for sale in fiscal year 2015 and the act of July 5, 2012, (P.L. 1022, No. 119) (“Act 119”) has provided for a measured annual increase in the number of statutorily authorized medallions. Pursuant to Act 119, on June 1 of each year, the statutory cap on the

¹ See Sections 13 and 17 of the Act.

number of medallions will be lifted by 15 until the ceiling reaches 1,750.² While the Authority is authorized to sell medallions pursuant to procedures established by order, we believe it is prudent to create regulations to provide notice of the standardized method that will be employed to complete these sales.³

Act 119 requires that each of the first 15 medallions made available over the prior cap of 1,600 be used to provide taxicab service through a wheelchair accessible vehicle (“WAV”). The proposed rulemaking made clear that this regulation is intended to fill a void in the Authority’s regulations created by the lack of any established procedures for medallion sales by the Authority. The proposed rulemaking, as well as the final-form regulation do not establish procedures, goals or requirements related to the provision of WAV taxicab service. This is simply a regulation to create procedures for the sale of medallions by the Authority, with whatever restriction the medallions may carry, or none.

Several commentators used the comment period to suggest regulatory changes related to WAV taxicab service. Neither the proposed regulation, nor the final-form regulation address WAV taxicab service. This is not a WAV taxicab service regulation.

In addition to the standard regulatory promulgation process, including this comment and response component, the Authority conducted a public comment hearing regarding the proposed regulation on February 12, 2014.

The Honorable Lawrence M. Farnese, Jr., Senator, (1st District) submitted comments to the regulation, to which the Independent Regulatory Review Commission (“IRRC”) specifically requested we reply. Senator Farnese correctly notes that of the 150 medallions authorized by Act 119 over the next ten years, only 15 are required by statute to be restricted to use on WAV taxicabs, and further that the Authority has discretion as to the issuance and use of the remaining 135 once such medallions are authorized. Senator Farnese comments that the Authority should identify the number of medallions to be issued with WAV restrictions and then suggests that the sale of medallions could potentially constitute a “windfall for the PPA” as opposed to helping the disabled community.

Again, this regulation does not address wheelchair taxicab service at all. There are no substantive requirements or procedures related to WAV taxicabs in this regulation. This is a

² See 53 Pa.C.S. § 5711(c)(2)

³ The Authority may sell medallions by bid or public auction. 53 Pa. C.S. § 5717(b)(1).

regulation dedicated to establishing a process through which medallions will be sold by the Authority. We do not believe that the context or language of the final-form regulation can support directives of the nature suggested by the Senator. We believe that the Legislature did not mandate a specific number of medallion as WAV medallions for a reason. The Authority will assess the data produced through the operation of WAV taxicabs and determine applicable limitations, if any, to authorized medallions prior to each sale. The proposed regulation embraces the statutorily enabled discretion to set service restrictions on medallions as they are offered for sale and in consideration of the needs in Philadelphia at that time. These medallions are authorized by statute on a piecemeal basis through 2021. The Authority has no statutory power to accelerate the authorization of new medallions.

The revenue derived from the sale of medallions must be placed into the Medallion Fund, which is held for the Authority by the Pennsylvania Treasurer. *See* 53 Pa. C.S. § 5701. The Authority may only use money in that fund in furtherance of its taxicab regulatory program and only when authorized by the Legislature and the Governor to do so. *See* 53 Pa. C.S. § 5708(a.1). Revenue from the sale of medallions will never constitute a windfall to the Authority.

We agree with Senator Farnese that one of the reasons Act 119 was enacted was to address the need for WAV taxicab service in Philadelphia. We noted this point when promulgating our regulation 126-5, which does establish WAV taxicab standards. Unfortunately, based on the history of taxicab service in Philadelphia, we know that the existing medallion owners will not adequately address this public need without a legal mandate. But again, that is not an issue in this regulation.

Senator Farnese commented that the Authority's plan to sell medallions through a public competitive sealed bid process represented a lack of openness and creates the potential for investigations, fraud and impropriety. Act 119 specifically provides for the sale of medallions through a public bidding process. 53 Pa. C.S. § 5711(b). The Commonwealth of Pennsylvania has directed that the preferred manner in which its government, including authorities, is to obtain products and services is through competitive sealed bids. 62 Pa. C.S. § 511. We do not understand how the Legislature could believe that the competitive sealed bid process is the most effective and open manner in which to acquire products and services, specifically provide for the sale of medallions through a public bid in Act 119, and then object to the sale of medallions

through an open competitive sealed bid process. We believe that this public process is completely transparent and will provide for a safe and beneficial medallion sale process.

Senator Farnese also commented that the proposed regulation was too restrictive in terms of who it permitted to bid on a medallion. The regulation sets no restriction upon who may bid on a medallion except that the bidder must be an existing medallion taxicab certificate holder or a person that has already submitted an application to be a medallion taxicab certificate holder. The regulations already prohibit the transfer of ownership of a medallion to a person that does not have a certificate of public convenience. *See* 52 Pa. Code § 1027.4.

The Senator commented that the purpose of Act 119 was to get WAV taxicabs into service in Philadelphia, at least as to the first 15 authorized medallions. If these medallions are sold to persons that are not authorized to provide taxicab service in the City and have not even initiated the process necessary to acquire that authorization, the operation of these medallions will be delayed by at least several additional months.

Under that scenario, the successful bidder would submit an application for a medallion certificate of public convenience after the bid process. The successful bidder could then be determined to be ineligible to be a certificate holder, which will prevent the operation of the WAV taxicab while the medallion is either submitted to a new sale process or subject to litigation to determine its disposition.

The final-form regulation opens the medallion sale process to anyone who is serious about owning and operating a medallion taxicab. We believe that requiring the bidders to be existing medallion certificate holders or persons who have already filed an application to be medallion certificate holders will hasten the review process, increase the likelihood that the successful bidder will be qualified to own a medallion and result in the more rapid deployment of these medallions into public service.

Anyone can file the required application. The application must be filed 30 days before the proposed sale date. *See* 52 Pa. Code § 1013.32(b). This advance time will give the Authority the opportunity to conduct a basic review of each application for the most glaring of disqualifying issues, such as criminal conviction prohibitions. *See* 53 Pa. C.S. § 5718(c). Therefore, we believe this requirement is logical, consistent with the intent of Act 119 and existing Authority regulations and is not burdensome for a person seeking to spend hundreds of thousands of dollars to acquire a medallion.

IRRC noted the concerns of commentators regarding WAV taxicabs. Commentators expressed an interest in knowing how many medallions would be sold and when, as well what restrictions would be placed upon them. As we noted above, the statutory cap on medallions increases gradually over a ten year period. The only special restriction mandated by law goes to the first 15 medallions, which must be WAVs. *See* 53 Pa. C.S. § 5711(c)(2)(1). But again, this is not a WAV regulation, this regulation merely establishes procedures for the sale of medallions, whenever those medallions may be sold.

IRRC noted the questions of commentators regarding the restrictions that will be placed upon medallions and requesting a specific number, of the 150 medallions to be authorized by Act 119, will be sold as WAVs. Also, why all of the Act 119 medallions will not be sold at one time. IRRC and other commentators requested details as to the Authority's plan to sell the medallions authorized by Act 119 and what restrictions, if any, would be employed.

While medallions authorized by Act 119 will be sold pursuant to the final-form regulation, so will other medallions. This is not a WAV taxicab regulation, nor is it a regulation that establishes a medallion sale schedule. We believe that these questions and comments are not related to this rulemaking. These comments would have been better suited for our final-form regulation at Docket No. 126-5. We will attempt to address these issues because they are clearly of public concern, but the approval of this final-form regulation should not hinge on the issues that are not in the final-form regulation and not need to be.

Act 119 increases the ceiling on statutorily authorized medallions as follows:

<u>Authorization Date</u>	<u>Medallion Ceiling</u>
July 5, 2012:	1,615
June 1, 2013:	1,630
June 1, 2014:	1,645
June 1, 2015:	1,660
June 1, 2016:	1,675
June 1, 2017:	1,690
June 1, 2018:	1,705
June 1, 2019:	1,720
June 1, 2020:	1,735
June 1, 2021:	1,750

53 Pa. C.S. § 5711(c)(1) and (2).

Upon approval of the Authority's final-form regulation at Docket No. 126-5 and this final-form regulation, the Authority will initiate the medallion sale procedure provided for in this regulation. If those regulations are approved on the schedule identified in the Regulatory Analysis Forms, the Authority anticipates selling 46 medallions in fiscal year 2015. Those medallions will be the 45 authorized through Act 119 as of June 1, 2014 and existing Medallion No. 1601. The Act 119 medallions will all be WAV medallions.

The Authority has not developed plans for the sale of medallions in future years and it is not required to. The Legislature could have required the sale of all authorized medallions; it did not. The Legislature could have required that all of the medallions be restricted to WAVs; it did not. IRRC noted the suggestion of a commentator that the Authority was exceeding its statutory authority by failing to declare every medallion authorized by Act 119 as a WAV medallion.

We find no basis in the law for such a suggestion. As noted above, Senator Farnese is correct when he writes that Act 119 "gives the Authority discretion on how to allocate the remaining 135 medallions." That is, after the first 15 WAV medallions are issued. We believe the Section 5711 (c) of the act is crystal clear and supports Senator Farnese's position, as follows:

(2) The authority is authorized to issue the following:

(i) Subject to the provisions of subparagraph (ii), a maximum of 1,600 certificates of public convenience and corresponding medallions for citywide call or demand service and an additional **15 certificates of public convenience and corresponding medallions restricted to wheelchair-accessible taxicab service** as provided in this chapter.

(ii) Beginning June 1, 2013, and each June 1 thereafter until there is a total of 1,750 certificates of public convenience and corresponding medallions, the maximum number of certificates of public convenience and corresponding medallions for citywide call or demand service shall be **increased by 15**. The authority, **in its discretion, may** issue the certificates and medallions authorized by this subparagraph with **special rights, privileges and limitations** applicable to issuance and use **as it determines necessary** to advance the purposes of this chapter and may issue the certificates and medallions authorized by this

subparagraph in stages. (Emphasis added.) 53 Pa. C.S. § 5711(c)(2)(ii).

Also, Section 5717 (a) of the act provides as follows:

Subject to the limits established in section 5711(c) (relating to power of authority to issue certificates of public convenience), the authority **may** increase the number of certificates and medallions. In no case shall the number of citywide call or demand service taxicab certificates and medallions issued by the authority exceed the maximum amount provided for in section 5711(c). (Emphasis added.)

Therefore, the act does not require the Authority to issue any medallions and does not dictate any mandatory restrictions to be applied to the 135 medallions authorized by Section 5711(c)(2)(ii). IRRC and other commentators requested information about what other type of restrictions may be applied to medallions. The answer is that we do not know. The Legislature intentionally authorized new medallions over a protracted period of time and then permitted the Authority to place restrictions on the use of those medallions when issued. We do not know what challenges may confront the taxicab industry in 2019. To commit ourselves to a particular use of medallions now would vitiate the entire purpose of the discretion permitted through the act.

IRRC asked the Authority to explain how the regulation's language properly implements the statute. We are not sure that this question is clear. Based on the realities of the act and the fact that this regulation is only intended to establish a generic medallion sale procedure, we believe that that the final-form regulation properly implements the statute to the extent that the statute envisions the Authority selling medallions.

DISCUSSION

The Authority has reviewed the comments filed at each stage of this proceeding. Responses to those comments, explanations of the purpose and alterations of each amended subsection of the final-form regulation are set forth below.

§ 1013.31. Purpose and definitions.

This section identifies the purpose of the medallion sale regulation and provides certain definitions.

§ 1013.32. Bidder qualifications.

This section identifies qualifications for those who wish to bid on a medallion sold by the Authority. We identified above in response to the comments of Senator Farnese and IRRC the reasons that we believe the requirements this section are reasonable. Pennsylvania Taxi Assoc., Inc. ("PTA") commented that the qualifications for a person who seeks to buy a medallion from the Authority should not exceed those applicable to those who wish to acquire a medallion from an existing medallion owner. The qualification standard seeks buyers who can otherwise qualify for a certificate of public convenience under the existing regulations, are not simply speculating, and who have good and current records of service (if they are currently active taxicab service providers). These are reasonable and straight forward standards.

(a)(3). IRRC noted the requirement in the regulation that a qualified bidder be a person that has not sold a medallion within 365 days. Upon consideration of the other anti-speculation protections in the regulation we believe this paragraph is unnecessary and it has been deleted.

IRRC also questioned the reasonableness of requiring a person that is not an existing medallion owner to file an application 45 days before a scheduled medallion sale, when the notice of the medallion sale is only required to be given 60 days before the sale date. We agree and have changed this requirement to 30 days. This will give any potential bidder in this category one month from the date of notice of a medallion sale date to submit the required medallion CPC application. We believe this is a reasonable accommodation for potential bidder, but will also permit the Authority sufficient time to review the applications for major flaws, as referenced above, prior to the sale date.

IRRC also noted that the requirement for non-medallion owners to complete the SA-1 form "relating to application for sale of transferable rights" was unclear because this is a multi-part form and not all sections seem to apply to this bidder qualification requirement. We agree. The SA-1 has been modified to address this concern.

We note that medallions currently sell for over \$500,000. The taxicab business is heavily regulated and requires a significant investment of capital to get off of the ground. Bidders must

be persons who are capable of understanding these issues and operating a challenging public service business in Philadelphia. In short, medallion owners should be able to complete an application. We do not think that this requirement will be unclear to such a person. Indeed, most medallion buyers are represented by counsel in these transactions, largely due to the amount of money at issue. We have noted above the public interest associated with conducting this pre-qualification process. The best way to quickly place these medallions into service without post-sale challenges or litigation is to assure that those who seek to buy medallions are already qualified to own them. Commentator Black Point Taxi, LLC., *et al.* (“BPT”) commented that additional requirements should be made part of the bidding package to assure that each bidder fully understands and is capable of the duties and obligations of a medallion owner. We have addressed this issue below in response to comments to § 1013.35.

§ 1013.33. General provisions.

This section provides certain guidelines as to how the Authority will sell medallions, including the specification of the sealed bid process.

IRRC noted the comments of other commentators who are concerned about the integrity of the sealed bid process. We addressed this issue in response to Senator Farnese’s comments above. We disagree with the assertion that a sealed bid process is not “open and honest” or that it is not “transparent”. Indeed, it is the method preferred by the Commonwealth to securing the best price for high quality products and services. 62 Pa. C.S. § 511.

We have taken steps to address potential fraud issues, but fraud is a possibility no matter what method of sale we opt to employ. Sales under the regulation will relate to one medallion at a time. A person who is a bidder or who has a controlling interest in a bidder can only submit one bid. The Authority may limit the number of medallions that a person, including those with a controlling influence over that person (nearly all medallion owners are small corporation), may acquire. 53 Pa. C.S. § 5717(b)(5). The bids will be opened in public. All bidders or a representative of the bidder must appear at the bid opening. This means all bidders will instantly know how much each medallion has sold for and to whom. This is not a closed process at all.

Commentator PTA has noted the New York City investigation into purported medallion sale discrepancies in a sealed bid scenario several years ago. Since the conclusion of that investigation the New York City Taxicab and Limousine Commission has amended its

regulations to address issues raised in that investigation report. Those changes were taken into consideration when the Authority considered the final-form regulation and were adopted in many cases. However, New York continues to sell medallions through sealed public bid. *See* New York Taxicab Regulations, §65-04.

In some circles verbal auctions are viewed as a way to keep prices low. Why bid \$10 if the current bid is \$.12? In a sealed bid scenario, each bidder will have to put its best foot forward on the first attempt, which may be unpalatable to the bidder hoping to buy a medallion for a low price, but will be beneficial to the public good. We have decades of experience buying and selling products and services through the competitive sealed bid process. We believe that it is the most incorruptible, efficient and beneficial process to sell medallions. It is a process specifically provided for in the enabling legislation. *See* 53 Pa. C.S. § 5711(b).

§ 1013.34. Notice of medallion sale by the Authority.

This section provides for the manner in which notice of a medallion sale will be provided, including restrictions that may apply to the sale process and the use of the medallion. IRRC noted the comments of other commentators when it questioned the propriety of providing 60 days' notice of a medallion sale considering some non-medallion owners may need to qualify to participate in the process. IRRC correctly notes that this minimum 60 day notice period is required by statute. *See* § 53 Pa. C.S. § 57147(b)(1). Both the regulation and the statute require this minimum period. The Authority has the discretion to provide more notice. However, as we noted in regard to the deadline for filing an SA-1 application above, the mere filing of the SA-1 for a party intent upon acquiring an expensive and important public asset should present no major hurdle. Such a party would have 30 days to complete that process. This concern only applies to persons who are not already medallion owners. Therefore, we believe that it is proper to mirror the statutory minimum number of days' notice of a medallion sale, but will evaluate the results of this procedure when issuing such notices.

IRRC also commented that paragraph (8) of the proposed regulation was vague and recommended amending the sentence or deleting it entirely. We agree and have deleted that paragraph.

§ 1013.35. Procedures for bidding.

This section provides procedures related to the medallion sale process. IRRC noted that the form “MA-2”, which has been re-identified in the regulation as “MA-1” because there was no pre-existing MA-1, was not available on the Authority’s website; however it is now. The form requires only basic information that is consistent with the balance of the regulation and necessary to properly complete the sale process. We believe that this information is absolutely necessary to establish the identity of each bidder, including their contact information.

IRRC noted the comment of BPT referenced above. BPT would have the minimum deposit amount raised from \$5,000 to \$20,000, which is the deposit amount in Chicago. IRRC asked for an explanation of how the \$5,000 deposit was sufficient in the face of medallion prices that exceed \$500,000. IRRC also noted the problems associated with sealed bidding in New York City that developed when the high bidders withdrew their bids, allegedly, to benefit lower bidding associates. The loss of the small \$2,000 deposit was insufficient to dissuade the high bidder from withdrawing.

We agree with these concerns. While the presence of a meaningful deposit will buttress the Authority’s assurance that the bidder has the funds necessary to complete the transaction, the deposit also creates a personal stake in the success of the sale process in the bidder. That is certainly the case here. We believe that material deposits can also dissuade nefarious conduct.

We believe bidders will be more likely to properly participate in the post-bid sale process if they not only stands to lose the ability to buy a medallion, but also some meaningful personal asset. The forfeited funds will also help to defray costs of the Authority related to the failed sale process. BPT also suggested that the purchasers of such expensive and important public assets should demonstrate the ability to financially support those assets.

We further believe it would be a mistake to establish a flat deposit amount by regulation. Such a deposit amount will not automatically adjust to fluctuations in medallion sale prices and would require a new rulemaking to modify. We believe it is more appropriate to advance all of these goals by requiring a deposit in an amount equal to 10% of the price submitted by the bidder. Bidders who wish to bid very low for a medallion would be permitted to submit deposits less than \$5,000, while the amount of deposits will always be tailored to the individual bidder’s proposed price. As the sale price of medallions rises or falls in the future, so too will the amount of the required deposit, thereby maintaining a level of sufficiency relative to the actual bid price

(and sale price for successful bidders). We believe that 10% is a sufficient amount and is not overly burdensome because the regulations only require a letter of commitment from a lending institution for 80% of the bid amount. The bidders for these expensive public assets should have resources sufficient to support their use. There is no rule prohibiting the use of borrowed funds as part of the bid package.

IRRC also noted that subparagraph (a)(4)(i) does not identify what happens to the deposit of unsuccessful bidders. We agree and have amended that language to clarify that the deposits of unsuccessful bidders are to be returned. Also, § 1013.36(b)(3) has been amended to clarify that in the event a bid award is made available to the next highest bidder, that potential high bidder must re-submit its deposit to the Authority.

We have amended § 1013.35(c)(4) by adding the position of “officer” to the list of positions that a bidder may not hold with a competing bidder. A person who bids on a medallion individually or through an entity in which it holds a controlling interest should not be able to bid against itself as the president or secretary of another bidding entity. The regulation seeks to eliminate price fixing and collusion between bidders. The balance of the language in paragraph (4) has been moved to a new paragraph (5) simply to make the regulation more readable.

§ 1013.36. Bid opening.

This section addresses bid opening procedures. We have added a paragraph (7) subsection (a) to clarify that the failure to acknowledge a winning bid as provided in paragraph (6) will be deemed a withdrawal of that bid. The Director may then move on to the next bidder or request that the Board re-advertise the sale of the medallion.

IRRC questioned the clarity of subsection (b)(4) and (5), which deal with the decision to award a medallion to the next highest bidder or to re-bid the medallion after a successful bidder is unable to complete the medallion sale. IRRC noted that the language in the proposed regulation seemed to create the potential for the Director to simultaneously select the next highest bidder and request that the Board re-advertise the medallion for sale.

We agree with IRRC’s concern and have amended paragraph (5) of the regulation to provide that the re-advertising option may be invoked when the Director declines to make a selection from the list of unsuccessful bidders. We have also amended this section to address the situation in which the sale process unsuccessfully concludes prior to the closing date.

Paragraph (b)(2) has also been amended to address this issue. If a successful bidder withdraws from the sale process before the Board declines to approve the sale, the process to award the medallion to the next highest bidder or re-advertise the medallion for a new bid should be able to begin immediately. This amendment will permit that process to advance more quickly. IRRC also noted that the term “as provided in this subchapter” used in this paragraph lacked clarity. We agree and have deleted that phrase from the regulation. The medallion sale process is the subject of the entire regulation and its completion is addressed in § 1013.37.

§ 1013.37. Medallion bid approval process and closing on sale.

This section provides for the manner in which the TLD and the Authority’s Board will review and approve a medallion sale after the bid process. IRRC questioned the purpose of subsection (g), which seeks to discourage speculation in the medallion market by assigning higher transfer fees in the years immediately following the medallion sale.

While we anticipate that the purchasers of new taxicab medallions, now and in the future, will do so purely for purposes of properly operating a public convenience, we believe it is prudent to guard against speculation and the rapid and unjustified escalation of medallion prices through immediate post-bid award resale. We note that the commentators who currently operate taxicabs expressed no concern with this provision.

As we identified above, the purpose of Act 119 was to get WAV taxicabs into service in Philadelphia to address a critical need and to compile data to help establish future policies and procedures. Senator Farnese also noted this point in his comments. This objective is certainly consistent with the legislative intent of Act 94, which is to provide for a clean, safe, reliable and well regulated fleet of taxicabs in Philadelphia. These objectives will be imperiled if the successful purchasers of new medallions participate in the bidding process simply to re-market the medallions for a profit. We believe this minor anti-speculation prophylactic is need to discourage such speculation and is reasonable. It is narrowly-tailored to address this specific problem and only applies for a short three-year period. The heightened transfer fees employed in this section decrease every year until they are eliminated in the fourth year and are waived in cases of death or incapacity of an owner or shareholder.

This section references section 5710 (a) of the act in regard to the fee schedule. IRRC questioned this reference in light of the more specific reference to medallion transfer fees in

section 5710 (b)(8). We agree that subsection (b)(8) specifies the transfer fee; however, that fee is only in place for fiscal year 2014. Subsection (a) is referenced because it generally empowers the Authority to use a fee schedule. The Authority must propose a fee schedule as part of its annual budget approval process. *See* 53 Pa. C.S. 5707(a)(1).

Commonwealth.

The Authority does not anticipate any increase in regulatory demands associated with this regulation.

Political subdivisions.

This final-form rulemaking will not have a direct fiscal impact on political subdivisions of this Commonwealth.

Private sector.

This final-form rulemaking will not have a fiscal impact on certificate holders or other regulated parties.

General Public.

This final-form rulemaking will not have a fiscal impact on the general public, although we anticipate the development of data that will evidence a positive fiscal impact upon the disabled community in Philadelphia.

Paperwork Requirements.

This final-form rulemaking will not affect the paperwork generated by the Authority. Some additional entries as to service to disabled persons will be required on the monthly form that all dispatchers already complete and file with the Authority on a monthly basis.

Effective Date.

The final-form rulemaking will become effective upon publication in the *Pennsylvania Bulletin*.

Conclusion

Accordingly, under sections 13 and 17 of the Act, 53 Pa.C.S. §§ 5722 and 5742; section 5505(d) of the Parking Authorities Act, act of June 19, 2001, (P.L. 287, No. 22), *as amended*, 53 Pa. C.S. §§ 5505(d)(17), (d)(23), (d)(24); sections 201 and 202 of the Act of July 31, 1968, P.L. 769 No. 240, 45 P.S. §§ 1201-1202, and the regulations promulgated thereunder at 1 Pa. Code §§ 7.1, 7.2, and 7.5; section 204(b) of the Commonwealth Attorneys Act, 71 P.S. 732.204(b); section 745.5 of the Regulatory Review Act, 71 P.S. § 745.5, and Section 612 of the Administrative Code of 1929, 71 P.S. § 232, and the regulations promulgated at 4 Pa. Code §§ 7.231-7.234 the Authority proposes adoption of the final regulations set forth in Annex A, attached hereto;

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THEREFORE,

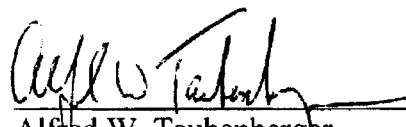
IT IS ORDERED THAT:

1. The Authority hereby adopts the final regulation in Annex A.
2. The Executive Director shall cause this order and Annex A to be submitted to the Office of Attorney General for approval as to legality.
3. The Executive Director shall cause this order and Annex A to be submitted for review by the designated standing committees of both Houses of the General Assembly, and for formal review by the Independent Regulatory Review Commission.
4. The Executive Director shall cause this order and Annex A to be submitted for review by the Governor's Budget Office for review of fiscal impact.
5. The Executive Director shall cause this order and Annex A to be deposited with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.
6. The Executive Director shall serve copies of this order and Annex "A" upon each of the commentators and take all other actions necessary to successfully complete the promulgation of this regulation.
7. The regulations embodied in Annex A shall become effective upon publication in the *Pennsylvania Bulletin*.
8. The contact person for this rulemaking is James R. Ney, Director, Taxicab and Limousine Division, (215)-683-9417.

**THE PHILADELPHIA PARKING
AUTHORITY**

Certified:


Joseph T. Ashdale
Chairman
(SEAL)


Alfred W. Taubenberger
Vice-Chairman/Secretary
(SEAL)

ORDER ADOPTED: April 29, 2014

ORDER ENTERED: April 29, 2014

ANNEX A

Annex A
TITLE 52. PUBLIC UTILITIES
PART II. PHILADELPHIA PARKING AUTHORITY
Subpart B. TAXICABS
CHAPTER 1013. MEDALLION TAXICABS
Subchapter C. MEDALLION SALES BY THE AUTHORITY

Sec.

- 1013.31. Purpose and definitions.
- 1013.32. Bidder qualifications.
- 1013.33. General provisions.
- 1013.34. Notice of medallion sale by the Authority.
- 1013.35. Procedures for bidding.
- 1013.36. Bid opening.
- 1013.37. Medallion bid approval process and closing on sale.

§ 1013.31. Purpose and definitions.

(a) This subchapter establishes the public bidding process through which the Authority will sell taxicab medallions as authorized by the act.

(b) The following words and terms, when used in this subchapter, have the following meanings, unless the context clearly indicates otherwise:

Bidder—A person qualified under § 1013.32 (relating to bidder qualifications) to submit a sealed bid for a taxicab medallion sold by the Authority. The term includes a person with a controlling interest in an entity that submits a bid for one or more medallions.

Closing deadline—The date by which a successful bidder shall complete the approval process and the closing on the sale of a medallion.

Special restriction—Limitations placed upon a medallion by the Authority in addition to restrictions provided for in the act, this part or an order of the Authority. For example, a medallion sold by the Authority may include a restriction that the medallion only be attached to a wheelchair accessible vehicle.

Upset price—The dollar amount below which a medallion will not be sold.

§ 1013.32. Bidder qualifications.

(a) To participate as a bidder, a person shall be a medallion taxicab certificate holder or person authorized as provided in subsection (b) and a person in good standing with the Authority. A person in good standing with the Authority:

- (1) Is qualified to buy transferable rights as provided in Chapter 1027 (relating to sale of rights).
- (2) Is qualified to renew a transferable right as provided in § 1011.3 (related to annual rights renewal process).
- (3) [Has not sold a medallion in the most recent 365 days.

(4)] Does not currently own and is not a person having a controlling interest in an entity that owns a medallion that is in a suspended status as provided in § 1011.14 (relating to voluntary suspension of certificate).

(b) A person that is not a medallion taxicab certificate holder may submit a bid for a medallion if the person has requested a new medallion taxicab certificate through the filing of an SA-1 application as provided in §1027.6 (relating to application for sale of transferable rights) and the request has not been denied by the Authority prior to the date bids are due. To qualify to bid as a pending medallion taxicab certificate holder, the SA-1 shall be filed [45] 30 days or more before the date bids are due. Participation in the bidding process does not guarantee the issuance of the medallion taxicab certificate by the Authority.

(c) Bids submitted in violation of this section will be considered nonresponsive.

§ 1013.33. General provisions.

(a) *Sale by sealed bid.* The Authority will sell taxicab medallions by sealed bid.

(b) *Restriction of medallion rights.* A medallion offered for sale by the Authority may have restrictions attached to it that will run with the medallion in perpetuity or for a shorter expressed period. The Authority will issue restrictions by order and identify a medallion to which a restriction will apply in the notice of the sale as provided in section 5717(b)(1) of the act (relating to additional certificates and medallions).

(c) *Separate public sales.* Separate sales may be conducted for each medallion to be sold by the Authority.

§ 1013.34. Notice of medallion sale by the Authority.

Notice of a proposed sale of a medallion by the Authority will be published in the *Pennsylvania Bulletin* 60 days or more before the sealed bids are due from bidders. The notice will include:

- (1) The date and time on which bids are due.
- (2) The location where bids are due.
- (3) The number of medallions to be sold.
- (4) Special restrictions that have been attached to a medallion. Restrictions will be identified and linked to the medallion number identified in the public notice.
- (5) The upset price for each medallion.
- (6) The maximum number of medallions a bidder may purchase at each public bidding session.
- (7) The mandatory closing date.
- [(8) Other terms of sale.]

§ 1013.35. Procedures for bidding.

(a) *Bid submissions.* Each bidder shall:

(1) Submit the bid in a 9" x 12" sealed envelope. The exterior of the sealed envelope must identify, in the English language and Arabic numerals, the medallion number for which the bid is intended and additional information identified in the notice provided under § 1013.34 (relating to notice of medallion sale by the Authority). Information required under this paragraph must be in black ink with characters no smaller than 1 inch high and 1/2 inch wide. For example, a sealed bid for medallion 9999 must display the following on the outside of the sealed envelope: "Bid for medallion 9999."

(2) Submit only one bid, rounded to the nearest dollar increment, for one medallion per envelope.

(3) Submit the bid amount on a completed Form No. MA-[2] 1 "Bid Cover" in the sealed and marked envelope. Form No. MA-[2] 1 is available at www.philapark.org/tld.

(4) Include the following with each bid inside the sealed envelope:

(i) A deposit of [\$5,000] 10% of the bid amount in a certified check, bank check or money order drawn on a Federally- or State-insured bank payable to the "Philadelphia Parking Authority." The deposit will be nonrefundable as to the highest conforming bidder and credited toward the sale price if the sale is approved. The deposit will be returned to each unsuccessful bidders.

(ii) A bank statement in the name of the bidder evidencing sufficient funds to purchase the medallion or a letter of commitment for no less than 80% of the bid amount, issued by a bank, credit union or other lender licensed to do business in this Commonwealth.

(5) Submit each sealed bid by hand delivery at the time and place designated in the sale notice as provided in § 1013.34.

(b) *Late bids.* A bid presented to the Authority after the time designated or to a location other than that designated in the sale notice as provided in § 1013.34 will not be accepted.

(c) *Required certifications.* Form No. MA-[2] 1 will include provisions through which each bidder shall provide the following information with an accompanying verification:

(1) The bidder has not relied on statements or representations from the Authority in determining the amount of the bid.

(2) The bidder has not colluded, consulted, communicated or agreed in any way with another bidder or prospective bidder for the purpose of restricting competition or of inducing another prospective bidder to submit or not to submit a bid for the purpose of restricting competition.

(3) The bidder has not disclosed a bid price, directly or indirectly, to another bidder for the purpose of restricting competition or of inducing another prospective bidder to submit or not to submit a bid for the purpose of restricting competition.

(4) The bidder is not an owner, partner, member, officer, shareholder, or key employee of another bidder.

(5) [and that the] The bidder is not a person with a controlling influence over another bidder.

(d) *Nonresponsive bids.* The following will be considered nonresponsive bids and rejected:

- (1) Bids that do not comply with the requirements of this section.
- (2) Bid packages containing bids for more than one medallion.
- (3) Bids that are nonresponsive or nonconforming in any other respect.
- (4) Bids below the upset price.

(e) *Bids final.* All bids are considered final and a bidder will not be allowed to correct a bid after submission.

§ 1013.36. Bid opening.

(a) *Opening of bids.* The sealed bids will be opened in public and not before the time designated in the notice of a proposed sale provided under this subchapter.

(1) Each bidder, or an individual authorized as the bidder's representative as provided in § 1001.28 (relating to power of attorney), shall be present at the bid opening to address issues that may arise during the bidding process, including the event of a tie bid.

(2) The winning bid for each medallion will be the highest bid for that medallion that is complete and responsive.

(3) Tie bids will be decided through subsequent sealed bids between only the tied bidders. The sealed bids to break the tie shall be submitted on the same day as the bid opening pursuant to the instructions of the Director. This process will also be used to determine tie bids for placement on the list as provided in subsection (b).

(4) The winning bids will be announced at the public sale, posted in the lobby of the TLD Headquarters and listed on the Authority's web site at www.philapark.org/tld.

(5) The winning bidder will be notified by the Authority of its winning bidder status as provided in § 1001.51(b)(3) (relating to service by the Authority).

(6) The winning bidder shall appear before the Director or a designee at TLD Headquarters within 5 business days of notice of the winning bid to acknowledge acceptance of the medallion and to confirm that all sale documentation has been properly completed and filed as provided in Chapter 1027 (relating to sale of rights).

(7) Winning bids that are not acknowledged as required by paragraph (6) will be deemed withdrawn.

(b) *Nonsuccessful bid review.*

(1) A list of the responsive, nonsuccessful bids in the order from the highest bid amount will be produced and maintained by the Authority for each medallion subject to sale by the Authority.

(2) If the sale of the medallion to the original successful bidder is withdrawn or terminated for any reason or the successful bidder is not approved by the Authority or fails to close on the sale of the medallion by the date designated in § 1013.34 (relating to notice of medallion sale by the Authority), the Director may

notify the highest unsuccessful bidder as provided in § 1001.51(b)(3) and allow the bidder the opportunity to be a successful bidder and complete the sale process [as provided in this subchapter].

(3) The highest unsuccessful bidder shall notify the Director of his decision to become a successful bidder within 5 business days of notice and re-deposit the required deposit amount with the Authority in the form provided in § 1013.35(a)(4)(i) (relating to procedures for bidding). In the event the noticed unsuccessful bidder elects not to become a successful bidder, the Director may proceed to notify unsuccessful bidders in order of highest to lowest bid until a successful bidder is obtained.

(4) The Director may amend the mandatory closing date by a period no greater than the time between the bid date and the date the next highest ranking bidder accepts the Director's invitation to become a successful bidder.

(5) The Director may decline to make a selection from the list identified in paragraph (1) and request authorization from the Board to readvertise the bid process for a medallion after the sale of the medallion to the original successful bidder is withdrawn or terminated for any reason or fails to close by the date designated in § 1013.34.

(c) *Assignment of the winning bid.* A winning bidder may not assign his rights to the winning bid status. An assignment such as this is void.

§ 1013.37. Medallion bid approval process and closing on sale.

(a) The sale of a medallion to a successful bidder is prohibited if that bidder is not qualified to be a medallion certificate holder under the act and this part.

(b) For purposes of reviewing the potential sale of a medallion, the Authority will consider the successful bidder to be the proposed buyer as provided in this part.

(c) If the Director determines that the successful bidder is qualified as provided in the act, this part or an order of the Authority, a recommendation to approve the sale will be presented to the Board for approval at its next regularly scheduled meeting.

(d) Upon approval of the sale by the Authority, the Director will schedule the parties to meet at a time and location where an Authority staff member will witness the closing of the transaction.

(e) An Authority staff member will witness the execution of each document by the proposed buyer or his designated agent. A closing not witnessed by Authority staff is void as provided in sections 5711(c)(5) and 5718 of the act (relating to power of authority to issue certificates of public convenience; and restrictions).

(f) The Authority will issue a new medallion taxicab certificate to the new medallion owner after the closing process if requested by the proposed buyer as provided in § 1013.32(b) (relating to bidder qualifications.)

(g) Except as provided in subsection (h), a medallion subject to a completed closing after sale by the Authority may not be transferred or sold for 3 years from the date of closing, except as follows:

(1) A medallion sold within 1 year of closing will be subject to a transfer fee 15 times greater than that provided in the Authority's fee schedule as provided in section 5710(a) of the act (relating to fees).

(2) A medallion sold within 2 years of closing will be subject to a transfer fee 12 times greater than that provided in the Authority's fee schedule as provided in section 5710(a) of the act.

(3) A medallion sold within 3 years of closing will be subject to a transfer fee 10 times greater than that provided in the Authority's fee schedule as provided in section 5710(a) of the act.

(h) Subsection (g) does not apply to the sale of a medallion in the following circumstances:

(1) When each person that owns securities of the corporation, partnership, limited liability company or other form of legal entity that owns a medallion sold under this subchapter has died or is declared incapacitated.

(2) When a person that owns securities of the corporation, partnership, limited liability company or other form of legal entity that owns a medallion sold under this subchapter has died or is declared incapacitated and that person's securities are transferred to the medallion owning entity or another owner of securities in the entity that owns the medallion.



May 8, 2014

701 MARKET STREET
SUITE 5400
PHILADELPHIA, PA 19106
215.683.9600

VIA HAND DELIVERY

John F. Mizner, Esquire
Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

Re: Docket No. and Agency/ID No. 126-6
Final Form Rulemaking
Philadelphia Taxicab & Limousine Regulations
52 Pa. Code Part II, Taxicab Medallion Sales

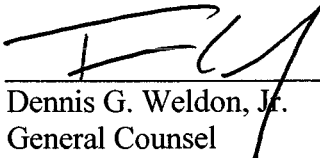
Dear Chairman Mizner:

Enclosed please find one (1) copy of the regulatory documents concerning the above-captioned rulemaking. Under Section 745.5(a) of the Regulatory Review Act, the Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Authority, on October 29, 2013, submitted a copy of the Notice of Proposed Rulemaking to the Independent Regulatory Review Commission (IRRC), the Authority's standing committees and the Legislative Reference Bureau. The notice of proposed rulemaking was published at 43 *Pa.B.* 6674 on November 9, 2013.

In preparing this final form rulemaking, the Authority has considered all comments received from the Committees, IRRC and the public. On April 29, 2014, the Authority entered a Final Rulemaking Order adopting final form regulations under this docket. We have notified all commentators of this final-form rulemaking and have enclosed the list of commentators. The purpose of the rulemaking is to provide regulations for the sale of taxicab medallions by the Authority.

The undersigned is the contact person for this rulemaking.

Sincerely,
The Philadelphia Parking Authority

By: 
Dennis G. Weldon, Jr.
General Counsel
(215) 683-9630

DGW/pdm
Enclosures

cc: Joseph T. Ashdale, Chairman
Vincent J. Fenerty, Jr., Executive Director
James R. Ney, Director, TLD



TRANSMITTAL SHEET FOR REGULATIONS SUBJECT
TO THE REGULATORY REVIEW ACT

ID Number: 126-6

Subject: Regulation to provide for the sale of taxicab medallions by the Authority

Philadelphia Parking Authority

2014 MAY -8 PM 12:38

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TYPE OF REGULATION

- Proposed Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted.
- Final Regulation
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor

FILING OF REPORT

<u>Date</u>	<u>Signature</u>	<u>Designation</u>
<u>5-8-14</u>	<u>Cheryl Gulew</u>	<u>HOUSE COMMITTEE</u> (Gillespie) Urban Affairs
<u>5-8-14</u>	<u>[Signature]</u>	
<u>5-8-14</u>	<u>[Signature]</u>	<u>SENATE COMMITTEE</u> (Tomlinson) Consumer Protection and Professional Licensure
<u>5-8-14</u>	<u>[Signature]</u>	
<u>5-8-14</u>	<u>Joe Seidel</u>	Office of the Budget
<u>5/8/14</u>	<u>K Cooper</u>	Independent Regulatory Review Commission
<u> </u>	<u> </u>	Attorney General
<u> </u>	<u> </u>	Legislative Reference Bureau