

**REPORT OF THE  
STATE CORPORATION COMMISSION ON**

**Regulation of Limousine  
Carriers of Passengers  
over Irregular Routes  
within Specified  
Geographic Areas**

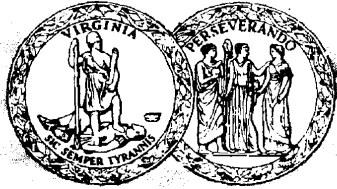
**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 16**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1991**

# COMMONWEALTH OF VIRGINIA



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## STATE CORPORATION COMMISSION

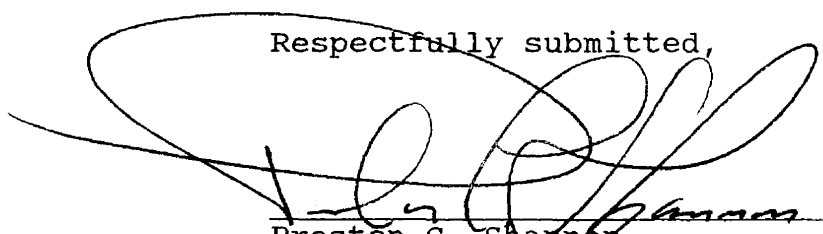
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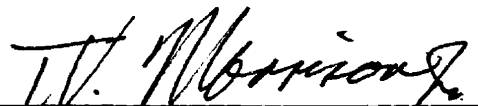
TO: The Honorable L. Douglas Wilder  
Governor of Virginia  
and  
The General Assembly of Virginia

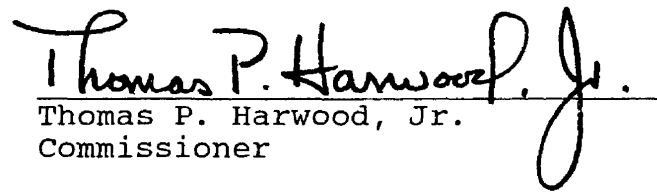
The report contained herein is pursuant to House Joint Resolution No. 206 of the 1990 Session of the General Assembly of Virginia.

This report comprises the response of the State Corporation Commission to the directive to study the regulation of limousine carriers of passengers over irregular routes within specified geographic areas.

Respectfully submitted,

  
Preston C. Shannon  
Chairman

  
Theodore V. Morrison, Jr.  
Commissioner

  
Thomas P. Harwood, Jr.  
Commissioner

**Report of the State Corporation Commission On  
the Regulation of Limousine Carriers and Common  
Carriers of Passengers Over Irregular Routes Within  
Specified Geographic Areas**

**INTRODUCTION**

The 1990 session of the General Assembly, through House Joint Resolution No. 206, requested the State Corporation Commission to study the necessity and desirability of revising the Commonwealth's laws regarding the regulation of limousine carriers and common carriers of passengers over irregular routes within specified geographic areas (See Appendix I).

Because taxicab operators and limousine carriers are in the business of "transporting passengers for compensation," there is a perception on the part of some taxicab operators that they are more stringently regulated, and therefore suffer a competitive disadvantage. As stated in the resolution, fair competition in the marketplace is in the best interests of the citizens of the Commonwealth.

**BACKGROUND**

In response to the mandate of the resolution, the State Corporation Commission established a study group consisting of an advisory committee and a Commission task force. The study group assisted in the review of issues and the development of recommendations for consideration by the 1991 Session. The task force included Commission staff, while the advisory committee was composed of legislators and representatives of the affected industries. Commission staff appointed to the task force included: William S. Fulcher, Director of the Motor Carrier Division; Judy McPherson, Deputy Director of Rates & Tariffs in the Motor Carrier Division; James Douglas, Public Utility Administrative Manager with the Division of Public Utility Accounting; Graham Ludwig, Office of General Counsel; Mary Lynne Bailey, Director of Information Resources until August, 1990; Kenneth J. Schrad, Director of Information Resources (promoted from Assistant Director in August, 1990); Angela P. Bowser, Assistant Director of Information Resources (September, 1990); and Ted Schubert, Summer Legal Intern with the Division of Information Resources.

Three legislators agreed to serve on the advisory committee along with representatives of the affected industries. The legislative members of the committee were Delegate Franklin P. Hall, Delegate Gladys B. Keating, and

Delegate Thomas W. Moss. Gary E. Everett, President of the Virginia Independent Limousine Association; Hamill D. Jones, Jr., counsel for Groome Transportation, Inc.; and Luke W. Witt, for the Virginia Taxicab Association, attended the meetings of the advisory committee as representatives of limousine carriers, irregular route common carriers, and taxicab operators. The Commission wishes to express its appreciation and thanks to the Commission task force and the advisory committee for their work on this study.

The different segments of the motor carrier industry involved in this study are regulated by various methods. Legislation passed during 1989 provides for the regulation and certification of limousine carriers by the State Corporation Commission pursuant to Chapter 12.8 (§ 56-338.104 et seq.) of Title 56 of the Code of Virginia. Limousines are subject to exclusive control and regulation by the Commission. Localities cannot enact ordinances which conflict with the Commission's regulation of limousines.

Irregular route common carriers which operate in an intrastate capacity on Virginia highways must obtain a certificate of public convenience and necessity from the Commission pursuant to § 56-278. Certificates of public convenience and necessity have more stringent requirements than either limousine certificates or taxicab permits. To earn certification, an applicant must prove a need for the proposed service and that current certificate holders are unwilling or unable to provide the needed service. Localities may not impose additional regulation on irregular route common carriers.

Owners and operators of taxicabs are required by § 56-291 to obtain a permit from the Commission to operate on public highways outside of the corporate limits of incorporated cities and towns. The primary purpose of requiring taxicabs to obtain a permit from the Commission is to determine whether the taxicab owner or operator has sufficient liability insurance coverage. The Commonwealth does not regulate rates or market entry. Localities may regulate taxicabs.

Regulatory requirements imposed by localities on taxicab operators may include the governing of rates charged for operation within the locality, submission of financial records, the number and location of taxicab stands, the number of operators and taxicabs in operation in the locality, and licensing and taxation of taxicab operators. Urban areas tend to exercise greater taxicab regulation than rural localities, which in some instances have no taxicab regulation.

## FINDINGS

A decision was made to narrow the scope of the study and limit deliberations to the definition of limousines and a consideration of unfair competition among limousines, irregular route common carriers, taxicabs, and the new and growing service provided by executive sedans.

After reviewing the current laws applying to limousines, irregular route common carriers, and taxicabs, the study group concluded that the current laws do not create conditions of unfair competition among the carriers. Each carrier appeals to a different segment of the transportation market and current laws discourage crossover among the industries.

Taxicabs are usually sedan-type vehicles which have a seating capacity of six or fewer passengers and carry passengers on non-designated routes to destinations determined by the passenger. Operators of taxicabs charge passengers for the distance they travel and for any time the passenger spends in the taxicab while the vehicle is stationary.

Limousines are large, luxurious, chauffeur-driven automobiles which seat no more than 10 passengers. Although limousines are generally rented on an hourly basis with no added fee for the distance traveled, some limousine carriers require that patrons reserve a several hour minimum to obtain their service.

Irregular route common carrier vehicles hold 15 or fewer persons and generally appeal to travelers. They do not necessarily travel on prescribed routes nor travel on any particular schedule. Passengers must make pre-arrangements with the carrier for service. Irregular route common carriers can operate only in areas where they have been granted authority.

Although unfair competition does not appear to exist among limousines, irregular route common carriers, and taxicabs, there does appear to be some concern about the recent growth in the use of executive sedans which provide many of the services provided by limousines in vehicles that do not meet the specifications of limousines. The problem primarily exists in Northern Virginia.

Executive sedans are issued a taxicab certificate from the State Corporation Commission, but are operated in localities under local ordinances. However, some rural localities do not regulate sedans (as "other vehicles for hire") or taxicabs. Sedans operating in these unregulated localities only need a taxicab permit from the Commission to

operate. Without local requirements, these unmarked sedans are not required to file rates at the local or state level. They may transport passengers to any location in the state and therefore compete directly with irregular route common carriers without obtaining a certificate of public convenience and necessity.

Executive sedans may compete with limousines, and to a lesser extent with irregular route common carriers and taxicabs, for passengers. A market has developed for these unmarked luxurious sedans that meet neither state requirements for limousines nor urban locality requirements for taxicabs.

The study group found the current definition of "limousine" in § 56-338.104 to be vague and ambiguous. A "limousine" is described in the Code as a large, luxurious automobile with a seating capacity of not more than ten passengers driven by a chauffeur to transport passengers for compensation. The Commission task force agreed to develop a more explicit definition which is clear and functional.

#### **RECOMMENDATIONS**

The Commission task force was in general agreement that executive sedans should be regulated by the Commonwealth. Draft legislation amending Chapter 12.8 (§ 56-338.104 et seq.) of Title 56 of the Code is attached as Appendix II. The draft contains a definition for "executive sedan." Limousines, taxicabs, trucks, vans, minivans, buses, and minibuses are specifically excluded from the definition.

The Commission task force recommends that executive sedans be described as chauffeur-driven, unmarked, unmetered sedan automobiles having a seating capacity of not more than five passengers transporting a person or his party under a single-contract agreement for a minimum time period of one hour.

The draft also contains a definition for "executive sedan carrier" and adds two sections to the Chapter. One section requires an executive sedan carrier certificate prior to operating as an executive sedan carrier. The second section adds a grandfather clause for persons lawfully engaged in the transportation of passengers as an executive sedan carrier on July 1, 1991, if an application is filed with the Commission no later than January 1, 1992. The draft legislation contains several other amendments to current provisions in the Chapter adding references to executive sedans or executive sedan carriers.

The Commission task force also recommends changes to the current definition of "limousine" for purposes of improved clarity and understanding. The primary concern of industry representatives appeared to be the development of an easily understood, functional definition of a limousine. The draft legislation in Appendix II includes a suggested amendment for the revision of the definition of "limousine." The definition contained in the draft has been expanded from the current definition in the existing statute. The proposed language specifies that the transportation of the passengers must be under a single contract for a minimum time period of one hour. The automobile shall be equipped with amenities not normally provided in passenger cars. The amenities should be in the nature of, but are not limited to or inclusive of, a television, musical sound system, ice storage area, telephone, additional interior lighting, and driver-passenger communication. The draft amends the current definition of "limousine" by excluding executive sedans. Existing law already excludes taxicabs, trucks, vans, minivans, buses, and minibuses from the definition.

APPENDIX I

General Assembly of Virginia--1990 Session  
House Joint Resolution No. 206

Requesting the State Corporation Commission to study the necessity and desirability of revising the Commonwealth's laws regarding the regulation of limousine carriers and common carriers of passengers over irregular routes within specified geographic areas.

Agreed to by the House of Delegates, March 1, 1990  
Agreed to by the Senate, February 27, 1990

WHEREAS, the Commonwealth's statute providing for the regulation of limousine carriers was enacted in 1989; and

WHEREAS, since these provisions have only been in operation for one year, it may be necessary to review the statute in order to refine and improve it; and

WHEREAS, taxicab operators compete with limousine carriers in the business of "transporting passengers for compensation"; and

WHEREAS, some taxicab operators maintain that laws governing taxicabs are more stringent than those governing limousines; and

WHEREAS, according to some, this inequity has put taxicab operators at a competitive disadvantage; and

WHEREAS, fair competition in the marketplace is in the best interests of the citizens of the Commonwealth; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, that the State Corporation Commission is requested to study the necessity and desirability of revising the Commonwealth's laws regarding the regulation of limousine carriers and common carriers of passengers over irregular routes within specified geographic areas. The Commission shall complete its work in time to submit its recommendations to the Governor and the 1991 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.



## APPENDIX II

The informal title of Chapter 12.8 should be changed from "Limousines" to "Limousines and Executive Sedans."

Section 56-338.104 should be amended to include a definition of executive sedan. The definition should read as follows:

"Executive Sedan" means a chauffeur-driven, unmarked, unmetered sedan automobile having a seating capacity of not more than five passengers transporting a person or his party under a single-contract agreement for a minimum time period of one hour. A person and his party shall be limited to the contracting person, group, family, or employees of a company or corporation. The term "executive sedan" shall not include limousines, taxicabs, trucks, vans, minivans, buses, or minibuses.

Further amendments to § 56-338.104 should include a definition of an executive sedan carrier and change the definition of a limousine. These amendments should read:

"Executive Sedan Carrier" means any person who undertakes, whether directly or by lease, to transport passengers in an executive sedan for compensation over the highways of the Commonwealth.

"Limousine means a chauffeur-driven luxurious automobile with a seating capacity of not more than 10 passengers transporting a person or persons under a single contract for a minimum time period of one hour. The automobile shall be equipped with amenities not normally provided in passenger cars. These amenities should be in the nature of, but not limited to or inclusive of, a television, musical sound system, ice storage area, telephone, additional interior lighting, and driver-passenger communication, such as intercom or power-operated divider partitions. The term "limousine" shall not include taxicabs, executive sedans, trucks, vans, minivans, buses, or minibuses.

Section 56-338.106 should be amended to read as follows:

**Operation except in accordance with Chapter prohibited.** - No limousine carrier or executive sedan carrier shall operate any limousine or executive sedan for the transportation of passengers for compensation on any highway in the Commonwealth except in accordance with the provisions of this Chapter. There shall be no subleasing of individual contracts or commingling of unrelated passengers by use of a contract between a limousine carrier or executive sedan carrier and a licensed broker of the transportation of passengers by motor vehicles.

There should be added to the Chapter a § 56-338.111:1 which should read as follows:

**Certificate Required.** - No person, except as exempted by this Chapter, shall operate as an executive sedan carrier for compensation on any highway within the Commonwealth, until the person has obtained from the Commission a certificate as an executive sedan carrier.

There should be added to this Chapter as Section 56-338.127, the following:

**Grandfather Clause.** - Any person who was lawfully engaged in the transportation of passengers as an executive sedan carrier on July 1, 1991, pursuant to an irregular route common carrier of passengers certificate (§ 56-281.2), a taxi permit (§ 56-291.1) or special or charter party certificate (§ 56-338.52), shall be issued a certificate as an executive sedan carrier if an application is filed with the Commission no later than January 1, 1992.

All other sections in Chapter 12.8 shall be amended to incorporate the added executive sedan certificate.

Draft Legislation

CHAPTER 12.8.  
LIMOUSINES AND EXECUTIVE SEDANS.

§ 56-338.104. Definitions. -- When used in this chapter ~~the following terms shall have the following meaning,~~ unless the context clearly states indicates otherwise:

"Certificate" means a certificate issued by the Commission to a limousine carrier or an executive sedan carrier under this chapter.

"Commission" means the State Corporation Commission.

"Executive sedan" means a chauffeur-driven, unmarked, unmetered sedan automobile having a seating capacity of not more than five passengers transporting a person or his party under a single-contract agreement for a minimum time period of one hour. A person and his party shall be limited to the contracting person, group, family, or employees of a company or corporation. The term "executive sedan" shall not include limousines, taxicabs, trucks, vans, minivans, buses, or minibuses.

"Executive sedan carrier" means any person who undertakes, whether directly or by lease, to transport passengers in an executive sedan for compensation over the highways of the Commonwealth.

"Highway" means every public highway or place of whatever nature open to the use of the public for purposes of vehicle travel in the Commonwealth, including the streets and alleys in towns and cities.

"Limousine" means ~~any large,~~ a chauffeur-driven luxurious automobile with a seating capacity of not more than ten passengers ~~7-that--is-driven-by-a-chauffeur-to-transport passengers-for-compensation~~ transporting a person or person under a single contract for a minimum time period of one hour. The automobile shall be equipped with amenities not normally provided in passenger cars. These amenities should be in the nature of, but not limited to or inclusive of, a television, musical sound system, ice storage area, telephone, additional interior lighting, and driver-passenger communication, such as intercom or power-operated divider partitions. The term "limousine" shall not include taxicabs, executive sedans, trucks, vans, minivans, buses, or minibuses.

"Limousine carrier" means any person who undertakes, whether directly or by lease, to transport passengers in limousines for compensation over the highways of the Commonwealth.

"Person" means any individual, firm, partnership, corporation, company, association, or joint-stock association, and includes any trustee, receiver, assignee, or personal representative thereof.

§ 56-338.106. Operation except in accordance with chapter prohibited. --- No limousine carrier or executive sedan carrier shall operate any limousine or executive sedan for the transportation of passengers for compensation on any highway in

the Commonwealth except in accordance with the provisions of this chapter. There shall be no subleasing of individual contracts or commingling of unrelated passengers by use of a contract between a limousine carrier or executive sedan carrier and a licensed broker of the transportation of passengers by motor vehicles.

§ 56-338.107. Control, supervision and regulation by Commission. --- Every limousine or executive sedan carrier shall be subject to the exclusive control, supervision and regulation by the Commission.

§ 56-338.109. Provisions of chapter controlling. --- As to limousine or executive sedan carriers, the provisions of this chapter shall be controlling. No laws in conflict herewith, or inconsistent herewith, shall have any application to such carriers. Operation by a limousine or executive sedan carrier, whether over regular or irregular routes, shall not be deemed an operation over the route of a holder of a certificate authorizing operation as a common carrier of passengers for the general public for compensation, issued pursuant to Chapter 12 (§ 56-273 et seq.) of this title, so long as the operation is conducted within the restrictions and conditions contained in § 56-338.104. It shall be the policy of the Commonwealth to preserve generally the procedures set forth in Chapter 12 for the transportation of passengers in all cases in which such restrictions and conditions are not strictly met.

§ 56-338.110. Application of other provisions of law. --- All provisions of law applicable to common carriers of passengers, as provided in Chapter 12 (§ 56-273 et seq.) of this title, to the extent not inconsistent with this chapter, shall be applicable to limousine or executive sedan carriers; provided, that the Commission may grant ~~such~~ an exemption from or promulgate ~~such~~ different or additional regulations pursuant to the laws herein as the Commission may, in its discretion, deem appropriate or necessary to accomplish the purposes of this chapter.

§ 56-338.111:1. Certificate required for operation as executive sedan carrier. --- No person, except as exempted by the chapter, shall operate as an executive sedan carrier for compensation on any highway within the Commonwealth, until the person has obtained from the Commission a certificate as an executive sedan carrier.

§ 56-338.112. Statement of approval of size, weight and type of vehicles required. --- No limousine or executive sedan carrier shall conduct operations on any highway of the Commonwealth until the carrier has obtained from the State Corporation Commission's Motor Carrier Division approval of the size and type of vehicles to be operated under the certificate.

§ 56-338.115. Consideration for determination of issuance of certificate. --- When determining whether a certificate should be granted, the Commission shall consider, among other things, the

experience, fitness and ability of the applicant to render the proposed service. The Commission shall not deny a certificate solely on the ground that an applicant will render limousine or executive sedan service in any area currently served by one or more existing limousine or executive sedan carriers.

§ 56-338.118. Transfer or lease of certificate. --- A limousine or executive sedan certificate may be transferred or leased if the Commission finds the proposed transfer or lease is in the public interest, subject to such terms, limitations and restrictions as may be prescribed by the Commission. The application shall be made by the parties to the transfer or lease.

§ 56-338.119. Transfer of baggage. --- A certificate authorizing the transportation of passengers as a limousine or executive sedan carrier shall also be deemed to include authority to transport in the same vehicle with passengers the baggage of passengers.

§ 56-338.122. Powers of Commission; regulations. --- The Commission shall have the following powers and duties:

1. To supervise, regulate and control all limousine and executive sedan carriers, except as exempted, who are doing business in the Commonwealth, in all matters relating to the performance of their public duties;

2. To correct any abuses by such carriers;

3. To promulgate regulations, forms and reports for such carriers in the administration and operation of this chapter;

4. To require from such carriers special reports and statements, under oath, concerning their business;

5. To make and enforce such requirements and regulations as may be necessary to prevent unjust or unreasonable discriminations by any such carrier in favor of, or against, any person, locality or community in connection with the duties of such carriers; and

6. To administer and enforce all provisions of this chapter.

§ 56-338.123. Tariffs and schedules of service not required. --- A limousine or executive sedan carrier operating under a certificate issued by the Commission shall not be required to file with the Commission a tariff of rates and charges or time schedules showing arrivals and departures of limousines or executive sedans at any locations served.

§ 56-338.127. Grandfather clause; executive sedans. --- Any person who was lawfully engaged in the transportation of passengers as an executive sedan carrier on July 1, 1991, pursuant to an irregular route common carrier of passengers certificate (§ 56-281.2), a taxi permit (§ 56-291.1), or special or charter party certificate (§ 56-338.52), shall be issued a certificate as an executive sedan carrier if an application is filed with the Commission no later than January 1, 1992.