Taxi Cab Sales Tax Decline Leaves City Stumped

Thursday, 08 August 2013

{audio}/images/stories/mp3/taxi_cabs.mp3{/audio}

Brianna Gibbs/KMXT

Some city staffers are scratching their heads over taxi cabs these days. Sales tax revenue that should be coming from the island’s fleet of 22 cab drivers is down almost 40 percentage point this year, and the city can’t figure out why.

During Tuesday's city council work session, council members and staff discussed the topic at length and tried to figure out what could be causing the decline, despite the city increasing its sales tax 1 percent this year.

City Clerk Debra Marlar said an amendment in the taxi cab code made in 2011 may be partially contributing to the lower numbers.

“One of the changes to the provision was to remove a provision that taxi cabs must operate a minimum of 250 hours a month. And, I don’t know if some of the reduction in sales tax is due to them operating fewer hours.”

She said the issue has prompted the city to do an audit of all the taxi cab permit holders.

“To determine if they’re using the form that’s required in the code. And now that the clerk’s department staffing is back up to full staffing, as well as the finance department, the finance department will also take those trip reports and do a financial audit to compare their sales tax reports versus what they’re reporting on their forms.”

The form is actually a trip sheet the drivers are required to fill out that include pick up and drop off locations, as well as what the passenger was charged.

During the public comment period before the work session, a handful of cab drivers mentioned “gypsy cabs” – drivers that aren’t permitted and pick up and charge passengers illegally. Supposedly these cabs are taking business away from registered drivers, and could be another reason why the city is losing sales tax revenue.

City Manager Aimee Kniaziowski said this isn’t the first time the city has faced gypsy cabs, but said there are major enforcement issues

with them.

“Even if we know there’s a gypsy cab and they’re stopped by the police department, by the officers, people don’t want to say that they’re illegally, that they’re in a cab, that they’re paying for a fare. It’s also not on a real high priority level for the court to deal with so there are certainly issues with that. There are generalized issues with enforcement as there always are with taxi cab ordinances no matter what city you are in.”

Councilman Terry Haines said it seemed like the council is faced with two issues that it needs to look at attempting to resolve in the coming months.

“A, how can we get a handle on gypsy cabs that are challenging the cabs that we require all these requirements on. And how can we fairly collect tax revenue in a way that again doesn’t challenge these businesses.”

The topic of taxi cabs was purely for discussion, and most council members agreed the matter should be revisited once the city’s audit was complete. The hope is that more information will be available through that so the council can take a closer look at solutions and perhaps even revising city code to mitigate some of the concerns expressed during the work session.