

Fact Sheet HB 267: Giving Customers a Choice in the Passenger-Service Industry

How are Motor Carriers Currently Regulated?

Currently, passenger services (taxis, charter and limo services, and companies like Uber) in Montana face severe barrier-to-entry regulation, administered by the Public Service Commission.

In order to get a "Certificate of Public Convenience and Necessity" that allows a passenger-service business to start operating, companies need to hire a lawyer, apply to the PSC, and prove at a costly hearing that:

- 1) the service the company wishes to offer is needed in the market;
- 2) that other companies already doing business cannot or will not meet that need;
- 3) that other companies will not face economic harm, contrary to the public interest, from a start-up company;
- 4) that the applicant is a "fit" operator.

What would this Bill do?

HB 267 would eliminate the first three requirements for getting a certificate from the PSC, taking away what today amounts to veto power for companies over their would-be competitors' operations.

This legislation keeps intact the fourth requirement, that an applicant be "fit" to serve the public. In other words, all safety regulation, including insurance and bonding, that the PSC currently does would remain in place.

Finally, the legislation creates a provision that allows for companies like Uber, Lyft, and SideCar (called in the industry "transportation network carriers") to operate in Montana. Without this provision, such companies may not be able to start operating in the state.

Why is this Bill necessary?

Passenger service in Montana is notoriously unreliable. Consumers often complain that they wait more than an hour for a taxi to show up, and it is difficult to schedule affordable charter service.

- * This endangers public safety by increasing the number of drunk drivers on the road.
- * The lack of this public service also gives a poor impression of Montana as a place to do business for those traveling here.

Companies do not currently have a strong incentive to offer timely service, because they face limited or no competition. This bill would remove artificial barriers to competition.

The law currently on the books is badly outdated. It is based on an economic theory of the 1930s that competition in the motor-carrier industry would harm consumers. This has been proven wrong.

Allowing companies to enter the market, but remaining subject to important safety regulations, will increase the accessibility and affordability of service in Montana. It could "grow the pie," causing people who haven't used a taxi when they should have (i.e., after they have been drinking) because they have found the service to be unreliable, to give it another try.