

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 12-078

WHEREAS, In 1997, the San Francisco Board of Supervisors adopted an ordinance prohibiting taxi companies from passing on the cost of credit card interchange fees to taxi drivers who cash credit card payments with company cashiers; and

WHEREAS, Recent installation of Paratransit Debit Card equipment capable of processing credit and debit card payments in the San Francisco taxi fleet, in addition to overall trends toward cashless forms of payment, resulted in a significant increase in the number of transactions subject to interchange fees in taxis over the past two years; and

WHEREAS, As a result of the increasing volume of non-cash payments, taxi companies reported that the rising overhead costs of interchange fees were unsustainable, and requested the SFMTA to reconsider the allocation of interchange fees to taxi companies; and

WHEREAS, On July 26, 2010, the Board SFPD amended Division II of the Transportation Code to require that all taxi drivers accept credit cards, and that all taxi companies cash drivers' credit card payments, and to continue to do so at no cost to drivers, except that staff was authorized to waive the prohibition against taxi companies charging the interchange fees to drivers under certain conditions including the limitation that no taxi company be permitted to charge drivers in excess of six percent; and

WHEREAS, The staff waiver program set the maximum rate at five percent to reflect the current national standard among large American cities; and

WHEREAS, For reasons that included taxi driver resistance to the five percent interchange fee maximum that was part of the staff waiver program, staff commissioned a study of the issue by Nelson-Nygaard & Assoc., and the results of that study were reported to the Board at its meeting of December 6, 2011,

WHEREAS, The proposed legislation would address the consultant's recommendations with respect to credit and debit card interchange fees; now, therefore, be it,

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors adopts amendments to Transportation Code Section Requesting the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors to adopt amendments to Transportation Code Section 1106(p), 1108 and 1122, to: (i) set the maximum rate that a taxi company may charge a driver for credit or debit card payment processing services from five percent to 3.5 percent; (ii) require taxi companies to accept credit and debit cards from drivers as payment for gate fees; (iii) require that credit and debit processing services offered by taxi companies be provided through a Payment Card Industry Data Security Standard-compliant third

party merchant account holder contractually bound to deposit driver funds into an account of the driver's choice within one business day; (iv) allowing drivers to elect their own Payment Card Industry Data Security Standard-compliant merchant account services provider and not use the taxi company's services; and (v) provide that the requirement that drivers accept credit cards be strictly enforced.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 5, 2012.

R. Bowman

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency