

Frequently Asked Questions Medallion Sale, May 2, 2008

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Please visit the Medallion Sale web site at

<http://home2.nyc.gov/html/tlc/medallion/html/home/home.shtml> for more information.

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A. General Information

What is a medallion? Is the medallion the same as the taxicab?

A medallion is a taxicab license from the City of New York. A driver with a medallion on his or her vehicle may pick up people hailing on the street anywhere in the city. The number of medallions is limited by law. Cars for hire without medallions may only pick up people who have called in advance for service. A medallion is transferable, by law, and can be resold.

Buying a medallion is different from buying the taxicab vehicle. Medallion owners must buy a vehicle that is approved by the TLC to use as a taxi.

What do I have to do to qualify to become a medallion owner?

- You must show proof of identity as follows:
 - You will have to show an original Social Security card **AND**
 - You will have to show a valid, government issued photo ID issued by the United States or one of its subdivisions (for example, a driver's license).
- You must be 18 years old to own a corporate (minifleet) medallion.
- You must be 19 years old to own an independent medallion.
- You must have a valid TLC taxicab driver's license to own any independent medallion.
- If you have a criminal record, the TLC may examine your fitness to hold a taxicab license.
- You will need to pay all City and TLC taxes and fees that come with the medallion.
- You must complete a TLC Medallion Ownership Application and be approved. This process will also require the submission of supporting documentation (such as corporate documentation, if applicable, and proof of funds).
- You must be fingerprinted.

What is a medallion auction?

An auction is a kind of sale where the people who promise to pay the highest prices win the right to purchase the things for sale. So the persons offering the highest prices for medallions will be the winners. The number of winners will be determined by the number of medallions being sold. Each winning bidder will pay the price he or she bid to purchase his or her medallion.

TLC's auctions are "closed bid." This means that the amount people promise to pay is kept secret when they drop off the bid. The amount only becomes known when the bid is opened at the auction. TLC does not set the final price. Everyone who turns in a bid will name a different price and winning bidders will pay their bid price.

What is a closing?

A closing is the last step in buying a medallion and is when you are given title to your medallion. As part of the closing process, you will submit your application to own the medallion and other

documentation, such as vehicle documentation. Most importantly, at your closing, you will pay your bid price for the medallion.

When is the medallion auction?

The medallion auction will be on May 2, 2008. All of the bids will be opened at 40 Rector Street beginning at 9:00 AM on May 2, 2008.

You may drop off your bid packages for these medallions at 40 Rector Street, 5th Floor from Monday, April 28 until Thursday, May 1 from 9:00AM until 12 Noon **ONLY**.

How many medallions are being sold?

This auction, the TLC is selling:

- 86 corporate (minifleet) accessible medallions
- 1 independent accessible medallion
- 2 independent alternate fuel medallions

How many medallions can I buy?

If you want to buy an independent accessible medallion or an independent alternate fuel medallion, you can only own one at a time. For all kinds of independent medallions, you may only own one or part of one medallion at a time.

If you want to buy corporate (minifleet) accessible medallions, you have to buy them in groups of two (called a lot). You can own as many lots of corporate (minifleet) medallions as you want.

What is the difference between independent owner and corporate (minifleet) medallions?

Independent medallions (also called “owner-must-drive”): You can only own one at a time. You, the owner, will have to drive at least 210 nine-hour shifts each year using this medallion.

Corporate (minifleet) medallions: You can own as many as you like. You, the owner, do not have to drive any shifts on this medallion. You can lease out the medallion or hire someone to drive it for you.

Both kinds of medallions have to be on the road being used (“in service”) unless you get special permission from TLC.

If I already own an independent medallion, can I also own a corporate (minifleet) medallion?

No. An independent medallion owner may not have an ownership stake in any other medallion. This includes a corporate (minifleet) or other independent medallion.

How many kinds of medallions can I bid for in this auction?

You can bid for all three types of medallions if you want.

If you win an independent medallion, you are only allowed to own one.

If you win corporate (minifleet) medallions, you will not be able to also own an independent medallion. But you can own as many corporate (minifleet) medallions as you like.

What if I would like to buy an independent medallion with another person or a group of people?

You can buy an independent medallion with another person or with a group of people, such as a partnership or corporation. If you buy an independent medallion, only one of the owners or partners needs to be a licensed taxicab driver to drive the required 210 nine-hour shifts every year. All taxicab owners must meet the rules for ownership.

Are medallion owners allowed to lease their medallion to other drivers?

Yes.

If you own an independent medallion, you, the owner, will have to drive 210 nine-hour shifts each year. You can lease the medallion to another licensed taxi driver for any other shifts.

If you own a corporate (minifleet) medallion, you can lease it out for all the shifts you like.

Both kinds of owners have to follow the TLC rules on the maximum amount you can charge for a lease (a “lease cap”).

You can see the current lease caps at <http://www.nyc.gov/html/tlc/downloads/pdf/ownrules.pdf>

What happens if I buy an independent medallion and I can’t drive the required 210 nine-hour shifts per year?

If you think you can’t drive the required shifts, you have to tell the TLC. We will look at the evidence and decide if there is a good reason why you should be given permission not to drive the shifts. This is called a “waiver”. It is only ever granted for a limited amount of time. When the waiver is over, you will either need to drive again or sell your medallion.

Waivers are almost never given unless there is a serious illness or injury that can stop you from driving for a long time. Waivers are not given so you can travel, visit family, or take a break from driving.

If you are not granted a waiver, you may be able to transfer an interest in your medallion to someone who can fulfill the driving requirement.

How can I find the most recent information on the Medallion Sale? Is there a mailing list for more information?

You can check the TLC web site at www.nyc.gov/taxi or call 311 for the latest information. You can also sign up for automatic email updates on the TLC web site by going to www.nyc.gov/taxi and clicking on the link on upper left-hand side of the page.

B. Costs and Financing

What are the costs of buying and owning a medallion?

There are many costs of owning a medallion. You will need to check carefully to make sure you can afford all of these costs.

Some of these costs include the medallion price, the vehicle price, the cost of “hacking-up” the vehicle, insurance, and TLC licensing fees.

Medallion owners must pay TLC-licensing fees for two years at a time. These fees include:

- \$1,100 for the medallion license.
- \$300 for initial inspection fees. This covers the 3 required initial inspections for two years but DOES NOT cover the cost of re-inspection if a vehicle fails inspection.
- \$10 for the medallion tin that is attached to the hood of the taxicab.
- The full fees for two years are **\$1410**. This amount will be due when you close on each medallion you buy at auction.

Most buyers will pay \$1,410 in fees. But you should check with the TLC to see if you will need to pay more or less depending on the date you close on the medallion.

Can the TLC help me finance my medallion purchase?

The TLC can't help you with financing or credit issues. Bidders must put together their own financing.

Do you have any information on financing terms?

The TLC does not have information on financing terms.

Where can I get the money to buy a medallion?

Banks, credit unions, and other financial institutions lend money to buy medallions. You may also be able to borrow money from friends or relatives. TLC can't tell you where to go or who to borrow from.

How much money must a person have to secure financing to purchase a medallion?

The TLC can't tell you how much money you need to be able to borrow from lenders.

What is a commitment letter and how much should it be for?

A commitment letter is a letter from a lender, such as a bank or credit union (financial institutions), licensed by the State of New York or the Federal government to lend money. A commitment letter says that the lender will lend you a certain amount of money. Your bid package must include a commitment letter for no less than 80% of the amount you are bidding.

The bank, credit union, or lender that writes your commitment letter must be licensed by the State of New York or the Federal government.

What type of information should be in the commitment letter?

The commitment letter must include:

- the bidder's name
- the type of medallion being bid on (alternative fuel, independent accessible, corporate (mini-fleet))
- the amount of money being committed by the lender.

Can I have more than one letter of commitment as long as they add up to at least 80% of the bid amount?

Yes.

Can I use a commitment letter from a broker?

No. A commitment letter can ONLY come from a bank or credit union licensed by the State of New York or the Federal government.

Is there any tax benefit in buying at this auction?

Yes. Each time a taxi medallion or a share of a taxi medallion is sold, there is a transfer tax of 5% of the sale price. Since the City of New York is selling the medallions, buyers at this auction will not have to pay the transfer tax.

Are there other taxes that I have to pay?

Yes. Medallion owners pay the New York City Commercial Motor Vehicle Tax (CMVT) to the Department of Finance. This tax is \$1,000 every year for each medallion. There may also be City, State, and Federal taxes that medallion owners must pay.

C. Ownership Questions

If I buy with partners or with a corporation, do I have to create a New York State corporation or can I incorporate outside of New York State?

You do not have to incorporate in New York State. Corporations created in New York State must be registered with the New York State Department of State. Please visit (<http://www.dos.state.ny.us/>) for additional information.

Do I have to create a corporation to own a corporate (minifleet) medallion?

You have to create a corporation to own a corporate (minifleet) medallion. The corporation must be created before closing on a winning bid.

Can I create one corporation with several shareholders to bid on and own an independent medallion?

Yes, but at least one shareholder must have a taxicab driver's license and drive 210 nine-hour shifts each year.

If my bid is successful and I buy a medallion, how long do I have to wait before I can sell the medallion?

You may sell your medallion at any time after the sale has closed

D. Licensing Procedures

How do I get a taxicab driver's license?

Please see the TLC website for driver licenses for a full list of the requirements for getting a license (<http://www.nyc.gov/html/tlc/html/licenses/drivers.shtml>). It usually takes 4 to 6 weeks from when you start your application to receive your TLC taxicab driver's license.

My taxicab driver's license expired 10 years ago. Can I renew?

No. You must re-apply for a new taxicab driver's license.

May I apply for a taxicab driver's license if I have a driver's license from a state other than New York?

Yes. If you do not have a New York State license, you must give the TLC an abstract of your driving record from your home state Department of Motor Vehicles.

Do I need a taxicab driver's license to bid on a corporate (minifleet) medallion?

No. You do not need a taxicab driver's license to bid on a corporate (minifleet) medallion.

If I am interested in an independent medallion, do I need a taxicab driver's license in order to bid?

No, but you must have a TLC taxicab driver's license to own an independent medallion so you must obtain a license before the closing on your medallion. If you are buying an independent medallion with two or more people, only one of the owners must have a TLC taxicab driver's license to own the independent medallion.

What if I am an independent medallion owner and my taxicab driver's license is suspended or revoked?

You must clear your suspension in order to be able to drive. If your license is revoked, you must sell your medallion.

What types of crimes must I tell the TLC about in my taxicab owner's license application?

You must tell the TLC about all crimes that you have been convicted of (both misdemeanors and felonies). This includes driving while intoxicated (DWI), driving while impaired, and reckless driving.

Be careful when reporting this information to TLC because giving us false or missing information may keep you from getting a license.

You don't need to tell TLC about your speeding or parking tickets.

I have a taxicab driver’s license and a criminal conviction. Can I bid on a medallion?

You can bid on a medallion if you have been found guilty of a crime. If you win a medallion at auction, the TLC will have to decide if you should own the medallion. If the TLC decides that because of your criminal conviction you should not own a medallion, you will not be allowed to close on the medallion.

What if I own an independent medallion and I retire. What happens?

If you own an independent medallion and you no longer want to drive the 210 nine-hour shifts, you must sell your medallion.

What if I own an individual medallion and I die. What happens?

A medallion is property. TLC recommends that you talk with a lawyer or estate planner to decide what to do with the medallion after your death.

What do I do about workers’ compensation?

All medallion owners must provide workers' compensation. If you are an independent medallion owner and drive your vehicle for 40 or more hours each week, the New York State Workers’ Compensation Board (WCB) may not require you to buy coverage. For more information on workers’ compensation, please see the Workers’ Compensation Board’s website at (<http://www.wcb.state.ny.us/>).

E. Alternative Fuel and Accessible Medallions

What does “alternative fuel” mean?

For this auction, alternative fuel means a hybrid-electric vehicle or a vehicle powered by Compressed Natural Gas (CNG). As of October 2008, all new NYC taxis will need to be hybrid-electric vehicles to meet fuel efficiency requirements of 25 miles per gallon.

What are alternative fuel medallions?

Alternative fuel medallions are medallions that must be placed on hybrid-electric or CNG vehicles. You can not use a gasoline-powered Ford Crown Victoria with these medallions.

What are accessible medallions?

Accessible medallions are medallions that must be placed on vehicles that allow a passenger using a wheelchair to roll on and roll off the taxi. You can not use a Ford Crown Victoria with these medallions. For a list of currently approved vehicles see http://home2.nyc.gov/html/tlc/html/safety_emissions/safety_emissions_main.shtml

If I buy an alternative fuel or accessible medallion, can I later switch it over to an unrestricted independent or corporate (minifleet) medallion?

No. These medallions will always be accessible or alternate-fuel.

Are there any alternate fuel or accessible medallions in the industry today?

There are 860 hybrid electric vehicles working as taxis as of March 2008. There are also over 90 accessible taxis in service as of March 2008.

If I am a winning bidder, may I put the medallion on my used vehicle? Are there other times when I can put a medallion on a used vehicle?

Sometimes this is allowed. Please contact the TLC to talk about your situation and to see if you are likely to be given permission to do this.

F. Vehicles

What kind of car can I use as a taxi with these medallions?

Please see the TLC web site at for more information about the vehicles that you can use with the medallions being sold at this auction. This information can be found at http://home2.nyc.gov/html/tlc/html/safety_emissions/safety_emissions_main.shtml

How often do I need to buy a new taxi for my medallion?

- Double-shifted vehicles not driven by at least one long-term driver must be retired after 36 months (3 years).
- All other taxicab vehicles must be retired after 60 months (5 years).
- These periods may be extended for certain clean air taxicabs and accessible taxicabs that pass their inspections in the 12 months prior to their retirement dates. See the TLC rules.

Are there alternative-fuel-accessible vehicles approved for operation as a taxi?

Right now, there are no alternative-fuel-accessible vehicles approved to be taxicabs.

G. Bid Package

Where can I get a bid package?

- By calling 311
- By visiting the TLC at:
 - 40 Rector Street, New York, New York 10006 (5th or 8th Floor)
 - 32-02 Queens Boulevard, Long Island City, New York 11101 (2nd or 3rd Floor)
 - 24-55 BQE West, Woodside, New York 11377 (Vehicle Inspection Facility)
 - 1893 Richmond Terrace, Staten Island, New York 10302
- By visiting a licensed taxi broker or agent
- By downloading one at www.nyc.gov/taxi

Where do I hand in my bid?

All bids must be delivered by hand in person to the TLC at 40 Rector Street, 5th Floor, New York, NY 10006. You can send a broker, friend or messenger. You do not have to walk it in yourself.

Everyone who drops off a bid must sign a bid log because TLC keeps track of everyone who gives us a bid.

If I submitted a bid and then realize that I made a mistake, can I take it back, make a correction and submit it again?

No.

Once a bid is dropped off at TLC, it is kept in a safe place until the opening date. No bids are ever allowed to be opened, changed, or removed until the official public opening.

What information must be in the bid?

Your bid must include an official signed bid form, a deposit of \$2,000 per medallion (so, if you are buying a lot of minifleet medallions, your total deposit will be \$4,000, and a commitment

letter from a bank, credit union, or financial institution. Don't forget to sign the bid form. Your bid form must be signed for it to count.

Do I need to have the bid form notarized?

No.

The bid form says that “no fractional cents shall be accepted”. What does this mean?

“No fractional cents shall be accepted” means that your bid will not count if the amount you bid is for an amount per medallion that ends in less than whole cents. Your bid can't be for an amount that has parts of cents.

For bidders on independent medallions, a bid ending in any amount of cents is acceptable. If you are bidding on a corporate (minifleet) medallion, since you're bidding on two medallions, you need to make sure that the bid for EACH medallion ends in whole cents. You can do this by dividing your bid amount in 2 and seeing whether an amount in whole cents results. For example, if your bid for the lot of 2 medallions is \$1.50, that is an acceptable bid because the bid per medallion is 75 cents. If you bid \$1.54, that is acceptable, because the bid per medallion is 77 cents. But a bid of \$1.55 is NOT acceptable because your bid would be 77 and ½ cents, so it would include fractional cents.

How much is the first deposit? Who should I make the check out to? When is the first deposit due?

The first deposit is \$2,000 for each medallion being bid on. If you are bidding on a lot of corporate (minifleet) medallions, the deposit for each lot is \$4,000.

The deposit must be a certified check or money order made out to the "New York City Taxi and Limousine Commission." We will also accept a check from your taxicab broker, if you are using one.

No personal checks are accepted. Giving the TLC a personal check will make your bid invalid.

The first deposit should be included in the bid package.

Can I use two certified checks or money orders of \$1,000 each for the first deposit?

Yes. You may use many certified checks or money orders as long as they add up to \$2,000.

Who wins the bid if two or more people bid the same amount on a medallion?

If there is a tie and there are not enough medallions left so that all bidders could purchase a medallion, we will use a tiebreaker to decide the winner.

What happens to my deposit money if I'm not a winning bidder?

If your bid does not win, you will get back all of your deposit money.

If I bid on a medallion and lose, does it affect my ability to buy one on the open market?

If you don't win, you may still buy a medallion on the open market.

What happens to my deposit money if I'm a winning bidder, but then I can't close on the medallion?

If you are a successful bidder but fail to close on the medallion, you will lose your \$2,000 deposit.

What happens to my first deposit if I am a winning bidder but I can't close on my medallion because the TLC turns down my application?

The TLC will give you back your first deposit.

How will I know if I have won a medallion at the auction?

If you win, the TLC will send you a letter by Certified mail and a list will be posted in the City Record and on the TLC's Medallion Sale Website (<http://www.nyc.gov/html/tlc/medallion/html/home/home.shtml>).

If I win, how do I close on my medallion?

- Each winning bidder must file fingerprint records with the TLC, unless fingerprints are already on file and less than six months old. You will need to do this prior to your closing.
- You must close on your medallion within 30 days of the auction, or by June 2, 2008.
- If you cannot close by June 2, you will need to make a second deposit of \$25,000 per medallion in a certified check or money order made out to the New York City Taxi and Limousine Commission on or before June 2. You will need to make a \$25,000 deposit for EACH medallion that you have won. This second deposit will go towards the final sale price. At the time you make your second deposit, you will also be required to provide the New York City Taxi and Limousine Commission with a proof of purchase of a vehicle eligible to be put into service with the medallion you are buying.
- Within 60 days of the auction or by July 1, you will need to pay the total amount you have bid to close on your medallion. If you fail to close before July 2, you can write to the Chairperson. He may give you extra time to close if you have a good reason. If you

don't have a good reason, you will lose your medallion and your \$2,000 per medallion deposit.

If I win my bid, must I tell the TLC where I got the money from?

Yes. You must tell the TLC where you got your money from when you close on your medallion.

If I win, may I sell my right?

No. Your winning bid can't be sold. You may assign your winning bid only to a corporation, partnership, or LLC in which you are a shareholder, partner or member. After you close on your medallion, you may sell it on the open market.

H. Taxicab Brokers

What is a TLC-licensed taxicab broker?

A TLC-licensed taxicab broker is a person or company who works with medallion sellers and buyers to help them buy, sell, and lease medallions.

Can anyone act as a taxicab broker?

No. Only a person licensed by the TLC as a taxicab broker can be a taxicab broker.

Do I need a broker to bid in this auction?

No. People choose to use a broker to help them with their paperwork for the auction and to put together the final deal for the medallion. TLC will accept your paperwork without a broker, as long as it is done correctly. If you use a broker, make sure you only use one who is properly licensed by TLC.