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**SENATE RESEARCH OFFICE**

 **2015 Session April 2, 2015**

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| **Bill:**  HB 225 | **Sponsor:**  Representative Powell of the 32nd  |
| **Version:** LC 43 0160S | **Amends:**  Titles 36, 40, 48 |
| **Status:** As Passed  | **Committee:** Finance |

**REGUALTION OF RIDE SHARING COMPANIES; UBER, LYFT**

**SUMMARY**

This bill provides for the regulation of for-hire, ride share network services[[1]](#footnote-1) (primarily Uber and Lyft). Key provisions of the bill include:

* Requiring drivers for ride-sharing companies to be subject to background checks, either by the Department of Driver’s Services OR a private company;
* Requiring any company engaging in for-hire transportation to purchase annually a master license based on the number of vehicles owned;
* Requiring ride-sharing companies to carry the same level of liability insurance as is required of taxi and limousine companies; and
* Placing a freeze on the issuance of taxicab medallions by municipalities and counties.

The House floor amendment offers the following changes:

* The version of the bill that passed the Senate required owners of for-hire vehicles to either pay sales and use tax, or obtain a master license with an annual fee.  The House amendment  struck the option to pay sales and use tax, and retained the master license requirement.  Additionally, the master license must be obtained by July 1, 2017, rather than the Senate requirement of July 1, 2016.
* This bill alters the distribution of the master license fee.  The Senate version required that 57 percent shall be retained by the state for deposit in the general fund and 43 percent shall be forwarded to the county tag agent to for distribution.  The House amendment requires 57 percent of the fee to be deposited into the general fund and 43 percent to be divided proportionately according to population to the county or counties in which the vehicles operate.  The owner of the master license shall provide a written declaration setting forth the county or counties in which vehicles operate.

**ANALYSIS**

Taxicab Medallions

Counties or municipalities that as of July 1, 2014 required taxicabs to have certificates of public necessity and convenience or medallions to operate may continue such requirement. No other county or municipality shall require the issuance of certificates of public necessity and convenience or medallions.

Insurance Requirements for Taxicabs and Limousines

No person shall operate a taxicab unless such person maintain insurance from an insurance company licensed under Title 33, through a surplus line broker licensed under Title 33, or is qualified as a self-insurer.

Current law provides that a limousine carrier shall obtain and maintain commercial indemnity and liability insurance with an insurance company *authorized to do business in this state.* This bill amends that provision by requiring each limousine carrier to obtain and maintain such insurance with an insurance company *licensed under Title 33 or through a surplus line broker licensed under Title 33.*

Regulation of Transportation Referral Service[[2]](#footnote-2) and Transportation Referral Service Provider[[3]](#footnote-3)

Each transportation referral service (TRS) or transportation referral service provider (TRSP) must register with the Department of Public Safety (Department). Each TRS doing business in this state must file and keep current with the Department a list of all limousine carriers and taxi services which it utilizes to provide transposition services in this state. The list is not subject to public disclosure. Each TRSP doing business in this state must: determine that each taxi service to which it refers business holds a certificate of public necessity and convenience or a medallion; determine that each tax service is registered with the Department and holds the necessary local government permits; determine that each limousine carrier to which it refers is properly licensed and registered; ensure that the drivers employed or contracted with a limousine carrier or taxi service are properly licensed; ensure that each driver utilized by TRSP has a current for-hire license endorsement or current private background check certification; has a zero tolerance policy regarding the use of drugs or alcohol while on duty; ensure that each limousine service or taxi service has the correct insurance; and ensure that taxi services are in compliance with fare structures as established by local governments.

Regulation of Ride Share Network Service[[4]](#footnote-4)

Each ride share network service (RSNS) doing business in this state must register with the Department and must maintain a list of all ride share drivers. This list will not be subject to disclosure, but must be made available for inspection by law enforcement officers upon request.

Each RSNS doing business in this state must: ensure that its drivers have required permits or licenses required by the federal government or the state; ensure that its drivers have a current for-hire license or current private background check certification; have a zero tolerance policy regarding the use of drugs or alcohol while on duty; and have the proper insurance. Each driver shall maintain on his or her smartphone a digital information card with name and photograph of the driver, make and model of the vehicle, license plate number of the vehicle, and certificates of insurance.

Prohibitions

No TRS or TRSP shall refer passengers to limousine carriers that are not properly licensed or insured. No RSNS shall refer passengers to ride share drivers who are not properly licensed or insured. No TRS or TRSP shall refer passengers to taxi services that are not registered with the Department and are not properly licensed or insured.

No limousine services shall accept referral if said service is not properly licensed. No ride share drivers shall accept referrals without an appropriate driver’s license and either a for-hire endorsement or current private background check certification.

Taxi services without the proper required licensing from local governments shall not accept referrals.

A TRS in noncompliance will be guilty of a misdemeanor. A TRSP or RSNS in noncompliance will be guilty of a misdemeanor and additionally shall be subject to have its registration suspended or revoked by the Department. A person found to be in noncompliance shall be guilty of a misdemeanor and may be subject to a suspension for one year or revocation of such person’s driver’s license.

Advertising/Signage

Any taxi service, TRS, TRSP, and RSNS must include its license number in any advertising in this state, except Internet advertisements. Failure to provide such license number will result in a civil penalty not to exceed $5,000.00 for each violation.

Ride share drivers must display signage on the driver’s vehicle while the ride share driver is active on the ride share network service’s digital network. The signage must be: large enough to be readable during daylight hours from a distance of at least 50 feet; reflective, illuminated, or otherwise visible in darkness; and sufficient to identify a vehicle as being associated with the RSNS with which the ride share driver is affiliated.

Any person found in noncompliance shall be guilty of a misdemeanor.

Fares

If a ride share driver contracted with a RSNS charges a fare, such fare shall be calculated based upon one or more of the following factors: distance, flat fee, base fee, waiting time, cancellation fee, stop fee, event pricing, demand pricing, or time.

Master License Fees

On and after July 1, 2016, for-hire vehicles[[5]](#footnote-5) must either obtain a master license from the Department or shall elect to continue to pay sales and use taxes on all fares collected.

The annual fee for master license is as follows:

For 1 to 5 for-hire vehicles: $1,500.00

For 6 to 59 for-hire vehicles: $12,050.00

For 60 to 100 for-hire vehicles: $25,000.00

For 101 to 150 for-hire vehicles: $40,000.00

For 151 to 200 for-hire vehicles: $56,000.00

For 201 to 250 for-hire vehicles: $75,000.00

For 251 to 300 for-hire vehicles: $90,000.00

For 301 to 350 for-hire vehicles: $105,000.00

For 351 to 500 for-hire vehicles: $150,000.00

For 501 to 1,000 for-hire vehicles: $300,000.00

For 1,001 and greater for-hire vehicles: $300,000.00

Plus $25,000.00 for each additional 100 vehicles or fraction thereof.

Of this fee, 57 percent will be deposited into the state general fund, while 43 percent will forwarded to the county tag agent to distribute to the county and city governing authorities, the board of education of the county school system, and the board of education of any independent school system.

Background Checks

No ride share driver shall operate a vehicle unless such person has a for-hire license endorsement[[6]](#footnote-6) and the required liability insurance, or has a private background check and the required liability insurance. Such background check shall be conducted by the ride share network that employs the driver. The private background certification shall be valid for a period of five years.

**House Committee: Regulated Industries**

**House Vote: 160-10**

1. “Ride share network service” means any person or entity that uses a digital network or Internet network to connect passengers to ride share drivers for the purpose of prearranged transportation for hire or for donation. [↑](#footnote-ref-1)
2. “Transportation referral service” means any person or entity that books, refers clients to, collects money for, or advertises transportation services provided by a limousine carrier or taxi service by means of a telephone, through cellular telephone software, through the Internet, in person, by written instrument, by any person, or by any other means, and does not own or lease any motor vehicle required to be registered with the Department of Public Safety as a limousine carrier or a taxi service. A transportation referral service shall not include emergency or nonemergency medical transports. [↑](#footnote-ref-2)
3. “Transportation referral service provider” means any person or entity that books, refers clients to, collects money for, or advertises transportation services provided by a limousine carrier or taxi service by means of a telephone, through cellular telephone software, though the Internet, in person, by written instrument, by any person, or by any other means and owns or leases one or more motor vehicles required to be registered with the Department of public Safety as a limousine carrier or a local government in this state as a taxi service. [↑](#footnote-ref-3)
4. “Ride share network service” means any person or entity that uses a digital network or Internet network to connect passengers to ride share drivers for the purpose of prearranged transportation for hire or for donation. [↑](#footnote-ref-4)
5. “For-hire vehicle” means a motor vehicle used in this state by a limousine carrier, ride share network, ride share network driver, or taxi service for the purpose of transporting passengers for compensation or donation. [↑](#footnote-ref-5)
6. “For-hire license endorsement” means an endorsement to a driver’s license that authorizes the holder of the license to operate a motor vehicle for the purpose of transporting passengers in this state for compensation or donation as a limousine carrier, ride share network or driver, or taxis service. [↑](#footnote-ref-6)