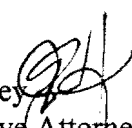



MEMORANDUM

November 26, 2014

TO: County Council

FROM: Josh Hamlin, Legislative Attorney 
Michael Faden, Senior Legislative Attorney 

SUBJECT: **Public Hearing:** Bill 54-14, Taxicabs – Transportation Network Service - Requirements

Bill 54-14, Taxicabs – Transportation Network Service - Requirements, sponsored by Councilmembers Berliner and Floreen, was introduced on October 28, 2014. A Transportation, Infrastructure, Energy and Environment Committee worksession is tentatively scheduled for January 26, 2015 at 9:30 a.m., along with Bills 53-14 and 55-14.

Bill 54-14 would:

- require a transportation network application company to obtain a license to operate in the County;
- require a transportation network application company and transportation network operator to meet certain registration requirements;
- require a vehicle used to provide transportation network service to meet certain standards;
- require a transportation network application company and transportation network operator to be insured; and
- require transportation network application company and transportation network operator to meet certain accessibility standards.

Background

On October 9, the Transportation, Infrastructure, Energy and Environment (T&E) Committee held a worksession to discuss issues surrounding the entry in the Montgomery County market of transportation network companies (TNCs) such as Uber and Lyft.¹ Chapter 53 of the County Code regulates taxicabs and the provision of taxicab service, but TNCs, which provide a technology platform for drivers to use their private vehicles to transport passengers, are not currently regulated in the County.

¹ The packet for the October 9 T&E Committee worksession can be accessed at:
http://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2014/141009/20141009_TE2.pdf

The Regulatory Landscape

County Taxicab Law (Chapter 53)

Taxicabs in the County are regulated under Chapter 53 of the County Code.² To be regulated under Chapter 53, a person must be in the business of providing “taxicab service,” which means carrying passengers for compensation between points chosen by the passenger for a time- or distance-based fare, or hailed from the street, parking lot, or taxi stand. MCC §53-101. “Taxicab” is defined as a motor vehicle that:

- (1) is designed or configured to carry seven or fewer persons, not including the operator;
- (2) is used to provide for-hire taxicab service in the County; and
- (3) either:
 - (A) appears to be a taxicab or otherwise for-hire;
 - (B) displays the words “taxi,” “cab,” or “taxicab” anywhere on the vehicle;
 - (C) is advertised or held out to the public as a taxicab; or
 - (D) is used to respond to an immediate request for passenger transportation.

All taxicab drivers who operate within the County are required to hold a County-issued passenger vehicle license (PVL). MCC §§53-201 through 53-204. Individual taxi drivers are required to hold an “Individual PVL,” which authorizes the operation of a single taxicab and imposes a number of duties on the individual driver. An entity that holds five or more PVLs meets the definition of a “fleet” and must hold a “Fleet PVL” and is subject to additional operating requirements. In order to obtain a PVL, an individual taxi driver must comply with all of the requirements contained in Chapter 53, including carrying minimum liability insurance and maintaining a vehicle less than seven model years old that is in “clean and safe operating condition.” MCC §§ 53-217 through 53-219, §§53-224 through 53-236. To obtain a Fleet PVL, the fleet entity must not only meet the requirements for Individual PVLs; it must also, among other things, submit a customer service plan, provide an adequate number of taxicabs to meet service demands 24 hours a day, 7 days a week, and meet the requirements regarding the provision of accessible taxicabs. MCC §§ 53-220 through 53-223. PVLs are valid for one year, may be renewed, and are subject to revocation for failure to meet the regulatory requirements. MCC §§53-215 through 53-216, §§ 53-701 through 53-704.

In addition to the licensing and operating requirements of taxicabs, a key feature of the County’s regulatory regime is the County’s role in rate setting. Under Section 53-106 of the Code, the Executive is required to set rates by regulation. Rates include an initial charge, a distance-based charge, and various additional charges for additional passengers, “personal service,” pickup and delivery, and rides during a snow emergency.

Taxicab companies are also subject to annual data reporting requirements. The requirements are set by regulation, and require a fleet or unaffiliated trade group to report the following:

- Number of calls received
- Number of cabs in service daily

² Executive Regulations have been adopted pursuant to Chapter 53 at COMCOR Chapter 53, Taxicabs – Regulations.

- Total paid miles driven
- Total number of trips
- Total revenue excluding extras
- Total revenue from extra charges

Transportation Network Companies

Shared ride service companies have faced resistance around the globe when entering new markets.³ In the United States, Uber has been stopped from operating in New Orleans, Miami, and Portland. Other jurisdictions have struggled to establish a regulatory framework covering the companies and the services they provide. The term “transportation network companies (TNCs)” has emerged as a common reference to companies such as Uber and Lyft. In the Washington, DC metro area, the three jurisdictions are at different stages in the process.

Maryland

Maryland’s regulation of for-hire driving services is set forth in Title 10 of the Public Utilities Article of the Maryland Code. Jurisdiction is split between the State’s Public Service Commission (PSC), which regulates limousine and sedan services, and local jurisdictions, which primarily regulate taxicabs.⁴ The practical distinction between the services appears to be that taxicab services are obtained in the manner prescribed in State and County law definitions of “taxicab services,” *i.e.*, advertising as a taxicab or as providing taxicab services, carrying passengers for compensation between points chosen by the passenger for a time- or distance-based fare, or providing passenger service after being hailed from the street or other location.

The status of TNCs in Maryland is presently unsettled, with the State alternatively attempting to establish a new regulatory framework and asserting regulatory authority under existing law. Also, the City of Annapolis is seeking to regulate Uber as a taxicab company under the City’s laws.

HB 1160/SB 919

In the last legislative session, a bill was introduced in the Maryland General Assembly to create a new type of transportation service, a “transportation network service,” which would have covered TNCs and their drivers. Under the bill, transportation network services would be regulated under a regulatory framework separate and distinct from the existing law applicable to for-hire driving services. Generally, the bill would have set up a registration process for transportation network operators and imposed vehicle safety inspection, driver safety, consumer protection, and insurance requirements. The bill would have removed TNCs from the regulatory reach of the PSC, and did not include alternative enforcement provisions. HB 1160 received an unfavorable report in the Economic Matters Committee and was withdrawn.

August PSC ruling re: Uber Black and Uber SUV

³ http://bits.blogs.nytimes.com/2014/04/17/uber-faces-rebukes-in-europe/?_php=true&_type=blogs&_r=0

⁴ Taxicab services operated in or from a point in Baltimore City, Baltimore County, the City of Cumberland, or the City of Hagerstown are regulated by the PSC.

The Maryland Public Service Commission (PSC) ruled on August 6, 2014 that Uber, in the provision of its UberBLACK and UberSUV services,⁵ engages in the public transportation of persons for-hire and should be regulated as a non-taxicab, passenger-for-hire service.⁶ The order directed Uber to apply for a motor carrier permit for UberBLACK or UberSUV services within 60 days. The order also directed Commission staff to draft new regulations that are applicable to UberBLACK and UberSUV. The order does not apply to UberX or Lyft, or other TNCs, but is significant in that it signals recognition that the services provided by TNCs are subject to regulation by the PSC. However, it draws a distinction between the UberBLACK and UberSUV services and the UberX and Lyft services which more closely resemble services provided by taxicab companies. More importantly, it leaves, for the time being, a regulatory vacuum in which the TNCs remain unregulated.

OPC request to investigate UberX and Lyft

On August 5, 2014, the Maryland Office of People's Counsel (OPC) requested that the PSC investigate compliance by UberX and Lyft with the PSC's licensing requirements. The PSC has not yet conducted the requested investigation, but in light of the PSC's August 6 ruling, could conceivably find that UberX and Lyft are subject to PSC regulation.

District of Columbia

The Council of the District of Columbia recently enacted the "Vehicle-For-Hire Innovation Amendment Act of 2014,"⁷ creating a new regulatory framework for "private vehicle-for-hire companies and drivers, separate from the District's regulation of taxicabs. The District bill, which is currently under Mayoral review, includes provisions very similar to Bill 54-14, and imposes registration, vehicle and driver safety, insurance, consumer protection, and accessibility requirements on TNCs and their drivers. The bill also deregulates taxicab fares booked through digital dispatch services.

Virginia

In its attempts to regulate TNCs, Virginia has recently reversed course, and appears to be headed toward a resolution through parallel regulation similar to that which is being considered in the District and implemented in several state and local jurisdictions which will be explored below. Initially the Commonwealth issued a Cease and Desist order to Uber and Lyft, June 5, 2014. However, on August 6, the Governor and Attorney General announced that the parties had agreed upon temporary regulation while a long-term legislative solution is developed. The "temporary legal framework" includes the familiar safety, consumer protection, and insurance requirements which are a feature of all such regulation.

Other Jurisdictions

⁵ UberBLACK and UberSUV drivers are already licensed by the State through the PSC. UberX and Lyft drivers are not.

⁶ http://webapp.psc.state.md.us/Intranet/sitesearch/Whats_new/Order%20No.%2086528%20-%20Case%20No.%209325%20-%20Uber%20Technologies,%20Inc.%20-%20Public%20Version.pdf

⁷ <http://lms.dccouncil.us/Download/31519/B20-0753-Enrollment.pdf>

While the jurisdictions in the DC metro area are still trying to figure out how to regulate TNCs, several jurisdictions have enacted laws or adopted regulations “legalizing” the ridesharing companies and creating new regulatory regimes applicable to them. In March of this year, the Seattle City Council enacted a law regulating TNCs as “for-hire driver services” which imposed licensing, insurance, and driver and vehicle safety standards, and included a cap on the number of for-hire drivers, limiting each TNC to 150 active drivers on the road at any given time.⁸ In July, that law was repealed and replaced with a new law that allows all for-hire companies to continue operating without a cap placed on the number of drivers on the road.⁹ In June, Colorado became the first *state* to pass legislation¹⁰ regulating TNCs. The Colorado law requires a TNC to be licensed and insured, and imposes driver and vehicle safety standards.

In July of this year, the Minneapolis, Minnesota City Council passed a law regulating TNCs. At the same time, “the City Council voted to modernize the City’s longstanding taxi ordinances to make them less restrictive to companies while still maintaining safety for passengers.”¹¹ Also in July, Columbus, Ohio enacted its “Peer-to-Peer Transportation Network” law. The Minneapolis¹² and Columbus¹³ laws are similar in many respects to the Colorado and Seattle laws, in that they impose licensing, insurance, driver history, and vehicle inspection requirements.

Key issues in regulating TNCs

As is evident from the preceding discussion, there are a number of common issues addressed by legislation regulating TNCs, generally relating to safety, consumer protection, and accessibility. While the particulars of the laws differ from jurisdiction to jurisdiction, all impose requirements related to insurance, driver and vehicle safety, licensing, and transparency in rates, and many also address accessibility concerns.

Bill 54-14

Bill 54-14 addresses the same issues that are addressed by the legislation previously discussed. Its provisions tackle those issues as follows:

Definitions and Rates

Bill 54-14 would define the terms “transportation network application company (TNAC)” and “transportation network operator (TNO)” to cover companies such as Uber and Lyft and their drivers, and would define “digital dispatch” to mean a network-based dispatch system which may be used by TNACs or current Passenger Vehicle License (PVL) holders. It would amend the current law concerning taxicab rates to provide that fares for rides booked through

⁸ <http://www.washingtonpost.com/blogs/govbeat/wp/2014/03/18/seattle-becomes-first-city-to-cap-uber-lyft-vehicles/>

⁹ <http://www.governing.com/news/headlines/mct-seattle-new-rideshare-rules.html>

¹⁰ <http://legiscan.com/CO/text/SB125/id/1022212/Colorado-2014-SB125-Enrolled.pdf>

¹¹ <http://www.ci.minneapolis.mn.us/news/WCMS1P-128522>

¹² <http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/wcms1p-129014.pdf>

¹³ <https://columbus.legistar.com/LegislationDetail.aspx?ID=1833098&GUID=D7A215D2-06C4-4F5F-BA3F-0CF2EAAB6E35&Options=&Search=&FullText=1>

digital dispatch, by either a TNAC or a PVL holder, are not subject to the existing rate structure. It would also limit “surge pricing,” a fare structure that bases a rate on time and distance factors, increased by a multiplier related to consumer demand, during a declared state of emergency.

Licensing and Registration

Bill 54-14 would require a TNAC to obtain a license to operate in the County, and comply with several requirements related to safety and consumer protection.

Driver and Vehicle Requirements

Bill 54-14 would require TNOs, *i.e.*, drivers, to be registered by TNACs. In order to be registered, a TNO would have to apply, and would be subject to a local and national criminal background check, a national sex offender database background check, and a full driving history check. A TNO applicant would be subject to disqualification for the same reasons that an applicant for a PVL or driver identification card is subject to disqualification under current law. Vehicles used to provide transportation network service would be subject to age limits and initial and annual safety inspection requirements.

Insurance

Bill 54-14 would require a TNAC or TNO to carry insurance coverage of at least \$1 million per occurrence for accidents involving a TNO at all times when the TNO is engaged in a prearranged ride. It would also require insurance coverage for the time period when a TNO is logged onto a TNAC’s digital dispatch showing that the TNO is available to pick up passengers but is not engaged in a prearranged ride.

Accessibility

Under Bill 54-14, a TNAC would be required to have its digital dispatch interface be accessible to the blind and visually impaired and the deaf and hard of hearing. A TNAC would be required to submit an accessibility improvement plan to the Director of MCDOT, and would be prohibited from imposing additional charges on individuals with disabilities. Finally, a TNO that accepts a ride request through digital dispatch from a passenger with a disability who uses mobility equipment, upon picking up the passenger the TNO must stow the passenger’s mobility equipment in the vehicle if the vehicle is capable of stowing the equipment. If the passenger or TNO decides that the vehicle is not capable of stowing the equipment, the company that provides digital dispatch must not charge a trip cancellation fee or, if any fee was charged, must provide the passenger with a timely refund.

This packet contains:

Bill 54-14

Legislative Request Report

Circle #

1

15

Bill No. 54-14
Concerning: Taxicabs – Transportation
Network Service – Requirements
Revised: 10/24/2014 Draft No. 3
Introduced: October 28, 2014
Expires: April 28, 2016
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Berliner and Floreen

AN ACT to

- (1) require a transportation network application company to obtain a license to operate in the County;
- (2) require a transportation network application company and transportation network operator to meet certain registration requirements;
- (3) require a vehicle used to provide transportation network service to meet certain standards;
- (4) require a transportation network application company and transportation network operator to be insured;
- (5) require transportation network application company and transportation network operator to meet certain accessibility standards; and
- (6) generally amend the laws governing the licensing and regulation of taxicabs.

By amending

Montgomery County Code
Chapter 53, Taxicabs
Sections 53-101 and 53-106

By adding

Sections 53-801, 53-802, 53-803, 53-804, 53-805, and 53-806

Boldface

Underlining

[Single boldface brackets]

Double underlining

[[Double boldface brackets]]

* * *

Heading or defined term.

Added to existing law by original bill.

Deleted from existing law by original bill.

Added by amendment.

Deleted from existing law or the bill by amendment.

Existing law unaffected by bill.

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 53-101 and 53-106 are amended, and Sections 53-801, 53-802, 53-803, 53-804, 53-805, and 53-806 as follows:

53-101. Definitions.

In this Chapter, unless the context indicates otherwise:

* * *

Digital dispatch means the hardware and software applications and networks, including mobile phone applications, which passengers and operators use to obtain and provide taxicab or transportation network service.

* * *

Dispatch means the traditional methods of pre-arranging vehicle-for-hire service, including through telephone or radio.

* * *

Surge pricing means a fare structure that bases a rate on time and distance factors, increased by a multiplier related to consumer demand.

* * *

Transportation network application company (TNAC) means a company operating in the County that:

- (1) uses a digital network or software application to connect a passenger to transportation network services provided by a transportation network operator; and
- (2) does not accept rides hailed on the street.

Transportation network operator (TNO) means an individual who operates a motor vehicle that is:

- (1) owned or leased by the individual;
- (2) not licensed as a taxicab; and
- (3) used to provide transportation network service.

Transportation network service means transporting a passenger between points chosen by the passenger and that is prearranged by a transportation network application company.

* * *

53-106. Rates.

(a) The County Executive must set taxicab rates for trips other than those scheduled through a digital dispatch service by regulation to promote the public interest after holding a public hearing and considering the recommendations of the Committee.

* * *

(c) Each rate charged for a trip booked scheduled through a digital dispatch service must comply with either:

(1) applicable rate regulations; or

(2) a time-and-distance or surge pricing rate set by the service.

(d) If a licensee or transportation network application company that uses digital dispatch charges a fare other than the metered taxicab rate, before the customer books a vehicle the licensee or company must disclose to the customer:

(1) the fare calculation method;

(2) the applicable rate being charged; and

(3) the option for the customer to receive an estimated fare.

The licensee or TNAC must review any customer complaint about a fare that exceeds the estimate provided under this subsection by 20% or \$25, whichever is less.

(e) During a state of emergency declared by the County Executive, a licensee or TNAC that provides digital dispatch and engages in surge pricing must limit the multiplier by which its base fare is multiplied to

the next highest multiple below the 3 highest multiples set on different days in the 60 days before the declaration of a state of emergency for the same type of service in the County.

[(c)](f) The Director may approve rates other than those set in the regulations as provided in a contract filed with the Department if the Director finds that the alternative rates will not result in a significant reduction of service to the general public. Any alternative rates that are higher than the rates set by regulation under subsection (a) must also be set by regulation.

[(d)](g) A person must not charge for taxicab service except as allowed under applicable regulations or [subsection (c)] this Section.

* * *

Article 8. Transportation Network Application Companies.

53-801. Transportation network application company license; required.

- (a) A transportation network application company must obtain a license issued by the Director in order to operate in the County.
- (b) A TNAC may obtain a license by applying to the Director on a form provided by the Department that, at a minimum, requires the applicant to provide:
 - (1) proof that the TNAC is licensed to do business in the State;
 - (2) proof that the TNAC maintains a registered agent in the County;
 - (3) proof that the TNAC maintains a website that includes the information required by subsection 53-802(c);
 - (4) a written description of how the TNAC's digital dispatch system operates; and

(5) proof that the TNAC has secured all insurance policies required by this Article.

(c) Any fee for a license issued under this Section must be set under Section 53-107.

53-802. Requirements for transportation network application companies.

Each transportation network application company must:

(a) obtain a TNAC license required under Section 53-801:

(b) create an application process for a person to apply to register as a TNO;

(c) maintain and provide to the Department a current registry of each TNO and vehicle registered with the TNAC;

(d) maintain a website that contains:

(1) the TNAC's customer service telephone number or electronic mail address;

(2) the TNAC's zero tolerance policy established under subsections (h)-(i);

(3) the procedure for reporting a complaint about a TNO who a passenger reasonably suspects violated the zero tolerance policy under subsections (h)-(i); and

(4) a telephone number or electronic mail address for the Department's Division of Transit Services Taxicab Unit.

(e) verify that each motor vehicle used for passenger service has passed:

(1) an annual state-required safety inspection; or

(2) an initial safety inspection within 90 days before entering service by a licensed mechanic in an inspection station authorized by the State of Maryland, the District of Columbia,

or the Commonwealth of Virginia to perform vehicle safety inspections.

(f) annually verify the safety inspection status of each vehicle after the initial verification is conducted;

(g) verify that each background check required by Section 53-803(b) has been conducted, and that no TNO is subject to disqualification under Section 53-803(c);

(h) (1) establish a zero tolerance policy on the use of alcohol or illegal drugs or being impaired by the use of alcohol or drugs while a transportation network operator is logged into a TNAC's digital dispatch;

(2) immediately suspend a TNO for the duration of the investigation upon receiving a written complaint from a passenger submitted through regular or electronic mail containing a reasonable allegation that the TNO violated the zero tolerance policy established under paragraph (1); and

(3) conduct an investigation when a passenger alleges that a TNO violated the zero tolerance policy established by paragraph (1);

(i) (1) establish a zero tolerance policy regarding discrimination or discriminatory conduct on the basis of a protected characteristic while a TNO is logged into a TNAC's digital dispatch system.

(2) Discriminatory conduct under this subsection includes:

(A) refusing service on the basis of a protected characteristic, including refusing service to an individual with a service animal unless the TNO has a documented serious medical allergy to animals on file with the TNAC;

(B) using derogatory or harassing language on the basis of a protected characteristic;

(C) refusing service based on the pickup or drop-off location of a passenger; and

(D) rating a passenger on the basis of a protected characteristic.

(3) Discriminatory conduct under this subsection does not include refusing to provide service to an individual with disabilities because of violent, seriously disruptive, or illegal conduct by the individual. However, a TNO must not refuse to provide service to an individual with a disability solely because the individual's disability results in an appearance or involuntary behavior that may offend, annoy, or inconvenience the TNO or another person.

(4) immediately suspend a TNO for the duration of the investigation after receiving a written complaint from a passenger submitted through regular or electronic mail containing a reasonable allegation that the TNO violated the zero tolerance policy established by paragraph (1); and

(4) conduct an investigation when a passenger submits a reasonable allegation that a TNO violated the zero tolerance policy established by paragraph (1); and

(j) maintain any records required by the Department to enforce this Section. A TNAC is not required to collect or transmit data or information about any specific customer or that customer's trip. However, as required by the Department or regulation, the TNAC

159 must transmit aggregate trip data collected by a digital dispatch or
160 taxicab meter system to the Department for all trips.

161 **53-803. Registration of transportation network operators and vehicles.**

162 (a) To operate as a transportation network operator, an individual must
163 submit an application to register with a TNAC.

164 (b) Before approving a TNO registration application submitted under
165 subsection (a), each TNAC must have a third party that is accredited
166 by the National Association of Professional Background Screeners or
167 a successor accreditation entity conduct the following examinations:

168 (1) a local and national criminal background check;

169 (2) the national sex offender database background check; and

170 (3) a full driving record check.

171 (c) A TNAC must reject an application submitted under subsection (a)
172 and must permanently disqualify any applicant:

173 (1) who, within 5 years before the registration application is
174 submitted, was convicted of, pled guilty or no contest to, or was
175 placed on probation without a finding of guilt for, or who when
176 the application is submitted, has a charge pending for, or who
177 has, within 3 years before the application was submitted,
178 completed a sentence or period of probation based on a charge
179 for:

180 (A) any offense involving violence or a weapon;

181 (B) any sex offense;

182 (C) soliciting for prostitution;

183 (D) illegal sale or use of alcoholic beverages;

184 (E) violation of any law governing controlled dangerous
185 substances;

(F) violation of any gaming law;

(G) any offense involving driving under the influence; or

(H) any act of moral turpitude;

(2) who has a pattern of reasonably verifiable complaints of substandard customer service during the previous 24 months;

(3) whose driving record during the 3 years immediately before the application was submitted, demonstrates that the applicant is not a responsible, safe, or careful driver because the applicant has received more than 4 points under applicable criteria defined by the State Motor Vehicle Administration or the equivalent in another jurisdiction, or by other reasonably verifiable evidence of unsafe or dangerous driving;

(4) who makes a false statement or gives a false answer on a registration application;

(5) who is unable to safely operate a vehicle, or who may otherwise endanger the public health, safety, or welfare, or who would be unable to fulfill the duties of a driver as required by applicable regulation;

(6) who has substantial delinquent debts to the County, State, or Federal government; or

(7) whose record of violations of this Chapter or other laws or regulations of the County, State, or any other jurisdiction indicates that to protect public safety an operator should not be registered.

(d) Each motor vehicle used for transportation network service must:

(1) have a manufacturer's rated seating capacity of 8 persons or fewer, including the operator;

(2) have at least 4 doors and meet all applicable federal motor vehicle safety standards for vehicles of its size, type, and proposed use; and

(3) be no more than 10 model years old at entry into service and no more than 12 model years old while in service.

(e) A person registered with a TNAC as a TNO under this Section must be treated by the Department as holding the necessary authorization to operate in the County as may be required by another jurisdiction or interstate authority.

53-804. Insurance requirements for transportation network application companies and operators.

(a) Each TNAC or TNO must maintain a primary automobile liability insurance policy that provides coverage of at least \$1 million per occurrence for accidents involving a TNO at all times when the TNO is engaged in a prearranged ride.

(b) For the time period when a TNO is logged onto a TNAC's digital dispatch showing that the TNO is available to pick up passengers but is not engaged in a prearranged ride, each TNO or a TNAC, on the TNO's behalf, must maintain a primary automobile liability insurance policy that:

(1) recognizes that the TNO is a transportation network operator, and covers the TNO's provision of private vehicle-for-hire service while the operator is logged into the TNAC's digital dispatch showing that the TNO is available to pick up passengers; and

(2) provides minimum coverage of at least \$50,000 per person per accident, with up to \$100,000 available to all persons per accident, and \$25,000 for property damage per accident; and

(3) does one of the following:

(A) offers full time coverage similar to the coverage required under Section 53-225; or

(B) offers a liability insurance policy purchased by the TNAC that provides primary coverage for the time period in which a TNO is logged into the TNAC's digital dispatch showing that the TNO is available to pick up passengers.

(c) If a TNAC obtains an insurance policy under this Section, it must provide proof to the Department that the TNAC has secured the policy.

(d) A TNAC must not allow a TNO who has obtained his or her own policy to fulfill the requirements of this Section to accept a trip request through the digital dispatch service used by the TNAC until the TNAC verifies that the TNO maintains the insurance required under this Section. If the insurance maintained by a TNO to fulfill the insurance requirements of this Section has lapsed or been cancelled, the TNAC must provide the coverage required by this Section, beginning with the first dollar of a claim.

(e) Nothing in this Section requires a TNO to obtain a personal automobile insurance policy that provides coverage for the time period when the TNO is logged into a TNAC's digital dispatch system.

- (f) If more than one insurance policy held by a TNAC provides valid and collectable coverage for a loss arising out of an occurrence involving a motor vehicle operated by a TNO, the responsibility for the claim must be divided on an equal basis among all of the applicable policies unless the claim has been divided in a different manner by written agreement of all insurers of the applicable policies and each policy owner.
- (g) In a claims coverage investigation, each TNAC must cooperate with any insurer that insures the TNO's motor vehicle, including providing relevant dates and times during which an accident occurred that involved the TNO to determine whether the TNO was logged into a TNAC's digital dispatch showing that the TNO is available to pick up passengers.
- (h) Each TNAC must disclose the insurance coverage requirements of this Section on its website, and its terms of service must not contradict or be used to evade any insurance requirement.
- (i) By (first day of next month 90 days after this Act takes effect), each TNAC that obtains insurance on a TNO's behalf under this Section must disclose in writing to the TNO, as part of its agreement with the TNO:
- (1) the insurance coverage and limits of liability that the TNAC provides while the TNO is logged into the TNAC's digital dispatch showing that the TNO is available to pick up passengers; and
 - (2) that the TNO's personal automobile insurance policy may not provide coverage, including collision physical damage coverage, comprehensive physical damage coverage, uninsured

and underinsured motorist coverage, or medical payments coverage, because the TNO uses a vehicle in connection with a TNAC.

(j) An insurance policy required by this Section may be obtained from any insurance company authorized to do business in the State.

(k) Each TNAC or TNO must secure primary insurance coverage that complies with the requirements of subsection (b) by (first day of next month 120 days after this Act takes effect). Until that date, each TNAC must maintain a contingent liability policy meeting at least the minimum limits of subsection (b) that will cover a claim if the TNO's personal insurance policy denies a claim.

(l) In this Section, "pre-arranged ride" means a period of time that begins when a TNO accepts a requested ride through digital dispatch, continues while the TNO transports the passenger in the TNO's vehicle, and ends when the passenger departs from the vehicle.

53-805. Requirements for transportation network operators.

(a) Each transportation network operator must:

(1) accept only rides booked through a TNAC's digital dispatch, and must not solicit or accept street-hails;

(2) possess a valid driver's license issued by Maryland, the District of Columbia, or Virginia;

(3) possess proof of personal motor vehicle insurance for any motor vehicle used as a private vehicle-for-hire; and

(4) be at least 21 years old.

(b) A TNO may affiliate with more than one company to use digital dispatch unless an agreement between the TNAC and the TNO provides otherwise.

53-806. Accessibility of digital dispatch for individuals with disabilities.

(a) By January 1, 2016, each TNAC that provides digital dispatch must:

(1) assure that its websites and mobile applications are accessible to the blind and visually impaired and the deaf and hard of hearing; and

(2) submit a plan to the Director that describes its actions to improve service to senior citizens, people with disabilities, or other underserved populations identified by the Director.

(b) Any TNAC that provides digital dispatch must not:

(1) impose any additional or special charge on an individual with a disability for providing services to accommodate the individual;
or

(2) require an individual with a disability to be accompanied by an attendant.

(c) If a TNO accepts a ride request through digital dispatch from a passenger with a disability who uses mobility equipment, upon picking up the passenger the TNO must stow the passenger's mobility equipment in the vehicle if the vehicle is capable of stowing the equipment. If the passenger or TNO decides that the vehicle is not capable of stowing the equipment, the company that provides digital dispatch must not charge a trip cancellation fee or, if any fee was charged, must provide the passenger with a timely refund.

Approved:

Craig L. Rice, President, County Council

Date

LEGISLATIVE REQUEST REPORT

Bill 54-14

Taxicabs – Transportation Network Service - Requirements

DESCRIPTION:	Bill 54-14 would establish a regulatory framework applicable to the delivery of transportation network service. It would: require a transportation network application company (TNAC), such as Uber and Lyft, to obtain a license to operate in the County; require a TNAC and transportation network operator (TNO) to meet certain registration requirements; require a vehicle used to provide transportation network service to meet certain standards; require a TNAC and TNO to be insured; and require a TNAC and TNO to meet certain accessibility standards.
PROBLEM:	TNACs are not currently regulated in the County. These unregulated drivers and companies are not currently required to meet regulatory standards similar to those imposed on “traditional” taxicabs, such as insurance, driver training and testing, or vehicle inspection and maintenance requirements.
GOALS AND OBJECTIVES:	Ensure an efficient, competitive market for the delivery of transit services while maintaining high standards of public safety, convenience, and comfort.
COORDINATION:	MCDOT
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	Several jurisdictions have enacted similar regulatory regimes.
SOURCE OF INFORMATION:	Josh Hamlin, Legislative Attorney
APPLICATION WITHIN MUNICIPALITIES:	To be researched.
PENALTIES:	N/A