

**MEMORANDUM**

October 7, 2014

TO: Transportation, Infrastructure, Energy and Environment Committee

FROM: Josh Hamlin, Legislative Attorney 

SUBJECT: **Discussion: Taxi and Uber**

**Expected for this Worksession**

Department of Transportation:

- Art Holmes, Director
- Al Roshdieh, Deputy Director
- Carolyn Biggins, Division Chief, Division of Transit Services
- James Ryan, Taxi Unit Manager

Taxicab industry representatives:

- Lee Barnes, President and CEO, Barwood Taxi Service
- David Mohebbi, President, Regency Taxi
- A driver from Barwood Taxi Service may also attend

Transportation Network Company representatives:

- Chris Massey, Director of Government Relations, Lyft, Inc.
- A representative from Uber may also attend

Councilmember Roger Berliner requested that the T&E Committee discuss the issues surrounding the entry into the Montgomery County market of shared ride service companies such as Uber and Lyft<sup>1</sup>. Councilmember Berliner's request followed correspondence from

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<sup>1</sup> Uber and Lyft, collectively, will be used throughout this memorandum in reference to app-based ridesharing services. Other companies, such as Sidecar, provide such services but are not included in the reference because of the relative dominance of Uber and Lyft in the market.

Director of the Department of Transportation Arthur Holmes to Uber concerning the licensing requirements of for-hire driving services ©2-3. As is the case with the countless other jurisdictions in similar circumstances, a particular concern is the County’s interest in maintaining the availability of safe, accessible transportation for its residents and visitors. Because these companies are providing the same or similar services as taxicabs, the discussion will necessarily involve consideration of existing County regulation of taxicabs.

## **Background**

### **Stakeholders**

There are many stakeholders in the area of transportation for-hire. Users of taxicabs and other for-hire driver services have a clear interest in safe, reliable, accessible transportation provided at a fair price. In addition, all members of the general public that share the road with these vehicles have an interest in the safety of the vehicles and drivers as well as, in the event of an accident, adequate insurance coverage carried by the driver or company.

Taxicab companies and drivers have long provided transportation services in the County. These companies and drivers face growing competition from for-hire driver services enabled by smartphone apps, such as Uber and Lyft. These self-described “ridesharing” companies have risen to prominence in recent years. Connecting riders to drivers, and collecting the fare, through a smartphone app, the companies have come to occupy a largely unregulated space while competing with taxicabs that are often subject to substantial regulation. The absence in many jurisdictions of regulation of ridesharing companies is contributing to an increase in the provision of what is essentially unregulated taxi service. Unregulated drivers and companies do not currently bear the costs of meeting regulatory standards, such as insurance, driver training and testing, or vehicle inspection and maintenance requirements ©4-8.

### **Regulatory Landscape**

#### *County Taxicab Law (Chapter 53)*

Taxicabs in the County are regulated under Chapter 53 of the County Code.<sup>2</sup> 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.

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<sup>2</sup> Executive regulations have been adopted pursuant to Chapter 53 at COMCOR Chapter 53, Taxicabs – Regulations.

All taxicab drivers who operate within the County are required to have a County-issued personal 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. For referenced sections of the Code, see ©9-32.

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 ©33. 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 ©34.

Taxicab companies are also subject to annual data reporting requirements. The requirements are set by regulation ©35-36, and require a fleet or unaffiliated trade group to report the following:

- Number of calls received
- Number of cabs in service daily
- 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.<sup>3</sup> In the United States, jurisdictions have struggled to establish a regulatory framework covering the companies and the services they provide ©37-41. Uber has been stopped from operating in New Orleans, Miami, and Portland. In the Washington, DC metro area, the three jurisdictions are at different stages in the process.

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<sup>3</sup> [http://bits.blogs.nytimes.com/2014/04/17/uber-faces-rebukes-in-europe/?\\_php=true&\\_type=blogs&r=0](http://bits.blogs.nytimes.com/2014/04/17/uber-faces-rebukes-in-europe/?_php=true&_type=blogs&r=0)

## 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.<sup>4</sup> 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 Uber and Lyft in Maryland is presently unsettled, with the State alternatively attempting establish a new regulatory framework and asserting regulatory authority under existing law ©42-49. Also, the City of Annapolis is seeking to regulate Uber as a taxicab company under the City's laws ©50-51.

### *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 Uber, Lyft, and their drivers ©52. 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 licensing process for transportation network operators and imposed vehicle safety inspection, driver safety, consumer protection, and insurance requirements. HB 1160 received an unfavorable report in Economic Matters Committee and was withdrawn.

### *August PSC ruling re: Uber Black and Uber SUV*

The Maryland Public Service Commission (PSC) ruled on August 6, 2014 that Uber, in the provision of its UberBLACK and UberSUV services,<sup>5</sup> engages in the public transportation of persons for hire and should be regulated as a non-taxicab, passenger-for-hire service.<sup>6</sup> ©73-74. 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, but is significant in that it signals recognition that the services provided by Uber (and Lyft) 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 UberX and Lyft services remain unregulated.

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<sup>4</sup> 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.

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

<sup>6</sup> [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](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)

### *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 (©75-76). 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 is currently considering the "Vehicle-For-Hire Innovation Amendment Act of 2014," a bill that would create a new regulatory framework for "private vehicle-for-hire companies and drivers, separate from the District's regulation of taxicabs ©77-118. The D.C. bill would impose licensing, vehicle and driver safety, insurance, consumer protection, and accessibility requirements on companies such as Uber and Lyft and their drivers. The bill would also deregulate taxicab fares booked through digital dispatch services. The bill was favorably reported out of the Committee on Transportation and the Environment and recommended for approval by the full D.C. Council on October 1.

### Virginia

In its attempts to regulate Uber and Lyft, 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, June 5, 2014 ©119-121. 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 ©122-125. The "temporary legal framework" includes the familiar safety, consumer protection, and insurance requirements which are a feature of all such regulation.

### Other Jurisdictions

While the jurisdictions in the DC metro area are still trying to figure out how to regulate Uber and Lyft, several jurisdictions have enacted laws or adopted regulations "legalizing" the ridesharing companies and creating new regulatory regimes applicable to them.

### *Colorado*

In June, Colorado became the first state to pass legislation<sup>7</sup> authorizing ridesharing services such as Lyft and Uber, which the state calls "transportation network companies" (TNCs). Governor John Hickenlooper said: "Rules designed to protect consumers should not burden businesses with unnecessary red tape or stifle competition by creating barriers to entry."<sup>8</sup>

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<sup>7</sup> <http://legiscan.com/CO/text/SB125/id/1022212/Colorado-2014-SB125-Enrolled.pdf>

<sup>8</sup> [http://www.denverpost.com/business/ci\\_25907057/colorado-first-authorize-lyft-and-ubers-ridesharing-services](http://www.denverpost.com/business/ci_25907057/colorado-first-authorize-lyft-and-ubers-ridesharing-services)

The Colorado law:

- Defines a TNC pre-arranged ride as a ride that starts when a driver accepts a requested ride through a digital network.
- Requires a TNC to file with the state evidence that the company or the driver has secured primary liability insurance coverage for the driver for incidents involving the driver during a pre-arranged ride. The coverage must be at least \$1 million per occurrence.
- Requires a TNC to obtain a permit from the State with a fee of \$111,250.
- Limits a driver to working no more than twelve consecutive hours.
- Requires a TNC to “conduct or have a certified mechanic conduct” a safety inspection of a prospective driver’s vehicle before it is approved for use as a TNC vehicle and continue periodic inspections of at least one a year.
- Authorizes the appropriate Colorado agency to conduct inspections of personal vehicles 90 days after the law goes into effect.
- Allows any taxicab or shuttle company to convert all or in part to a TNC.
- Requires each personal vehicle providing transportation through a TNC to “display an exterior marking that identifies the personal vehicle as a vehicle for-hire.”
- Requires potential drivers to obtain a criminal history record check through state agencies or through a “privately administered national criminal history record check, including the National Sex Offender Database.”
- Requires a TNC to provide “services to the public in a nondiscriminatory manner, regardless of geographic location of the departure point or destination, once the driver and rider have been matched through the digital network.”

### *California*

In September 2013 the California Public Utilities Commission (CPUC) created the TNC business category and enacted regulations for businesses such as Uber and Lyft.<sup>9</sup> The CPUC ultimately imposed tougher insurance requirements than originally proposed, likely due to a New Year’s Eve incident in which an Uber driver struck and killed a 6-year-old girl in San Francisco while on his way to pick up a passenger. Uber denied responsibility because the driver had not yet picked up his passenger.<sup>10</sup> The companies typically provide drivers with \$1 million in insurance coverage, but that is effective only after a passenger is in the car and is applied only if the drivers’ personal insurance policies do not cover an accident.

Uber and Lyft supported a California bill<sup>11</sup> in late August of this year that would require TNCs in California to insure drivers as soon as they log into a ridesharing app to pick up passengers. The bill, which was signed into law on September 17 and takes effect July 1, 2015,<sup>12</sup> requires TNCs to provide \$200,000 in coverage once a driver turns on their app — down significantly from the originally proposed \$750,000. The coverage is in addition to the required \$1 million insurance policy that covers drivers from when they are matched with a passenger, all the way until the passenger gets out of the car at their destination.

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<sup>9</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M077/K132/77132276.PDF>

<sup>10</sup> [http://www.mercurynews.com/california/ci\\_26331246/ride-sharing-showdown-uber-lyft-sidecar-fight-block](http://www.mercurynews.com/california/ci_26331246/ride-sharing-showdown-uber-lyft-sidecar-fight-block)

<sup>11</sup> <http://venturebeat.com/2014/08/27/uber-lyft-agree-to-insure-drivers-in-between-rides-in-california/>

<sup>12</sup> [http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201320140AB2293](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB2293)

### *Seattle, WA*

In March of this year, the Seattle City Council enacted a law regulating TNCs as “for-hire driver services” which included a cap on the number of for-hire drivers, limiting each TNC to 150 active drivers on the road at any given time.<sup>13</sup> 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.<sup>14</sup> Key provisions of the Seattle law include the following:

- Requires TNCs *and* their drivers to be licensed.
- Imposes specific insurance requirements.
- Provides for the issuance of 200 new taxi licenses over the next four years.
- Taxi and for-hire licenses will transition to a property right that is similar to a medallion in other cities.
- For-hire drivers have hailing rights.
- Creation of an accessibility fund through a \$0.10 per ride surcharge for drivers and owners to offset higher trip and vehicle costs for riders who require accessibility services.

### *Minneapolis, MN and Columbus, OH*

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.”<sup>15</sup> Also in July, Columbus, Ohio enacted its “Peer-to-Peer Transportation Network” law. The Minneapolis<sup>16</sup> and Columbus<sup>17</sup> 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, 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. For a comparison of the provisions of the County’s taxicab law and the TNC laws of several jurisdictions in these areas, see ©126-128.

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<sup>13</sup> <http://www.washingtonpost.com/blogs/govbeat/wp/2014/03/18/seattle-becomes-first-city-to-cap-uber-lyft-vehicles/>

<sup>14</sup> <http://www.governing.com/news/headlines/mct-seattle-new-rideshare-rules.html>

<sup>15</sup> <http://www.ci.minneapolis.mn.us/news/WCMS1P-128522>

<sup>16</sup> <http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/wcms1p-129014.pdf>

<sup>17</sup> <https://columbus.legistar.com/LegislationDetail.aspx?ID=1833098&GUID=D7A215D2-06C4-4F5F-BA3F-0CF2EAAB6E35&Options=&Search=&FullText=1>

## *Insurance*

All jurisdictions researched require a TNC to maintain commercial liability insurance, usually not less than \$1,000,000 per incident, and also require that the jurisdiction be named an additional insured. Insurance requirements vary among jurisdictions for coverage for collision, property damage, and bodily injury.

A unique aspect to insurance coverage for TNC's is the shift made by a driver/vehicle from "personal" travel to "for-hire" travel when the driver has turned "on" or "logged in" to the app. This shift creates a gray area in insurance coverage, but has been accommodated by the concept of "contingent" coverage. For example, when a driver is on a "personal" trip and the TNC application is inactive, their personal insurance applies. When the TNC application is active but a driver has not yet accepted a ride, the TNC provides contingent liability coverage if a driver's personal insurance does not. When a driver has accepted a ride, and through the end of the trip, the TNC's liability coverage becomes the primary coverage and covers liability for bodily injury and property damage for both passengers and/or third parties.

This approach has been taken by Columbus and Minneapolis. A similar requirement will take effect in Colorado in January 2015, although the Colorado law will require a TNC driver, rather than the TNC, to be responsible for the insurance coverage. Seattle requires each vehicle affiliated with a TNC to have liability insurance and underinsured motorist coverage at any time while active on the TNC dispatch system. California has similar requirements, but allows that the policy can be maintained by either the driver or the TNC.

Some TNC's also provide contingent collision, comprehensive, and uninsured motorist coverage that will step in if a driver's personal policies do not, or if a driver's insurance declines a claim because the driver was driving for a TNC. This insurance coverage is typically only in effect when a TNC has accepted a ride request, is en route to the passenger, and/or is providing a ride.

## *Driver and vehicle requirements*

All jurisdictions reviewed require an extensive list of requirements for drivers and their vehicles, primarily focused on public and personal safety. Requirements for vehicles focused on the safety, condition, and operability of the vehicle. Jurisdictional requirements vary in the manner in which vehicle inspections are performed – some permit approved third parties to perform inspections (Minneapolis, Seattle); others required a government inspection. Driver requirements focus on driver "ability and fitness" (minimum age, valid driver's license, etc.), professionalism, and conduct.

All jurisdictions require a criminal background check, and most require a review of a driver's history of accidents and citations. Several have also included a "zero tolerance" standard for drugs and alcohol. Driver training requirements also vary; several states and cities require

some form of driver training, ranging from a mandatory four hour defensive driving program to a TNC-provided training program, to no program at all.

### *Corporate and individual licensing*

All jurisdictions reviewed impose an annual corporate licensing fee, ranging from \$10,000 (Cincinnati) to \$111,250 (Colorado). Several cities (Columbus, Seattle) also impose annual individual driver licensing fees in addition to the corporate license. TNC's have argued that individual licensing should be covered within the overall corporate licensing fees, and several jurisdictions have made provisions to revise fees, up or down, after a "look-back period" to review the total number of individual applications made and actual licensing and program administration costs. This "look-back period" is generally one or two years.

### *Consumer protection*

The TNC industry is somewhat unique in that the same technology that can connect drivers and passengers also can provide customers an immediate outlet to rate their experience. TNC's use this information to remove drivers that consistently receive negative ratings from their eligible driver roster, and the TNC's are incentivized to do this to maintain high standards and competitiveness in the marketplace. Several jurisdictions rely on this approach, but also supplement the TNC's efforts with period spot checks and driver/vehicle audits. All jurisdictions reviewed require that rates be published on the TNC's website or application; many require that rates and any additional surcharges be displayed in the TNC app. Minneapolis also requires that any deviation from a published rate be positively acknowledged and accepted by the passenger using the app.

### *Accessibility*

Most of the researched jurisdictions require a TNC to provide passengers the opportunity to indicate if accessible transportation is required, and Colorado and Minneapolis require a TNC to direct a passenger to an accessible vehicle when the TNC cannot provide one. Seattle imposes a \$0.10 surcharge to each ride originating in Seattle with UberX, Lyft, Sidecar, nonwheelchair-accessible taxis and for-hire companies. Money collected through the surcharge is deposited into a fund to defray the cost of owning and driving a wheelchair-accessible taxi. Annual licensing fees for the accessible vehicles also would be waived under the Seattle law.

This packet contains:

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MONTGOMERY COUNTY COUNCIL  
ROCKVILLE, MARYLAND

ROGER BERLINER  
COUNCILMEMBER  
DISTRICT 1

CHAIRMAN  
TRANSPORTATION, INFRASTRUCTURE  
ENERGY & ENVIRONMENT COMMITTEE

September 4, 2014

Mr. Isiah Leggett  
County Executive  
101 Monroe Street  
Rockville, MD 20850

Dear Mr. Executive:

I am writing to share my concern with respect to the County's posture regarding Uber as reflected in Director Holmes' August 5th letter to Uber. I was recently told of the communication and provided a copy of it from Barwood's representative.

In my view, Uber represents the future. It is innovative. It is successful. It satisfies consumers by providing a high quality service at generally less cost and attracts drivers who are able to make more money. This is a winning combination.

Rather than drive Uber out of Montgomery County and detract from our aspirations to support innovation and innovative companies, we should instead revisit our own antiquated taxicab regulations. Our regulatory approach to taxis is as "old school" as you can find anywhere. Just as in the electric utility world, new technology threatens a business and regulatory model that is out of date.

I will be scheduling a Transportation, Infrastructure, Energy & Environment Committee meeting in the next several weeks to hear from our existing taxi cab operators, Uber, and other stakeholders as to the breadth of regulatory reforms that we should consider. I invite the Administration to be a part of that conversation.

Now is the time to give our local taxis the ability to compete with new entrants, not wall off the new entrants. I believe that together, we can create a model for a taxicab market that is more dynamic and customer-oriented, while still retaining essential regulations that protect consumers, operators and the broader public interest.

I look forward to working with you to help bring taxicabs into the 21st Century.

Sincerely,

Roger Berliner  
Councilmember, District 1



DEPARTMENT OF TRANSPORTATION

Isiah Leggett  
County Executive

August 5, 2014

Arthur Holmes, Jr.  
Director

Mr. Travis Kalanick, CEO  
Uber Technologies, Inc.  
182 Howard Street, Suite 8  
San Francisco, CA 94105

**Re: Uber activities in Montgomery County, Maryland**

Dear Mr. Kalanick,

I am writing this letter to you as Director of the Montgomery County Department of Transportation to express my concern regarding Uber's activities in Montgomery County, Maryland (the "County").

Montgomery County regulates the taxicab industry within its borders pursuant to Chapter 53 of the Montgomery County Code. The County Code provides that taxicab service may not be provided to the public without a valid license. Only a taxicab fleet or an individual that is affiliated with either a taxicab association or fleet may provide taxicab services under a County license. Each taxicab must possess a County issued Passenger Vehicle License (PVL), and any person who drives a taxicab must possess a valid taxicab driver identification card. Furthermore, a taxicab is defined under the County Code as a motor vehicle that:

- (1) is designed or configured to carry 7 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.

Uber has not been issued any PVLs in Montgomery County and is therefore not allowed to provide taxicab services in the County. However, much like a taxicab company that holds a PVL, Uber is dispatching drivers in for hire vehicles in response to requests for passenger transportation. Moreover, Uber drivers who operate in the County do not necessarily hold a County issued taxicab driver identification card, and cannot provide taxicab services except in a vehicle that has a PVL.

Office of the Director

101 Monroe Street, 10th Floor • Rockville, Maryland 20850 • 240-777-7170 • 240-777-7178 FAX  
www.montgomerycountymd.gov

Located one block west of the Rockville Metro Station

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August 5, 2014  
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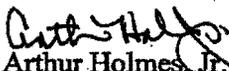
In addition to taxicab services, Maryland law allows for other types of passenger-car transportation services in the nature of sedans and limousines. The Maryland Public Service Commission (PSC) has jurisdiction over these types of services. One may not offer or provide sedan or limousine services in Maryland without a permit from the PSC. Moreover, a person who drives a sedan or limousine must possess a "for hire driver's license" issued by the PSC. As I understand it, Uber does not possess a permit from the Maryland Public Service Commission to provide sedan or limousine services pursuant to §10-101 et seq. of the Maryland Public Utilities Article. In addition, the drivers who are dispatched by Uber do not necessarily have a "for-hire" driver's license from the Maryland Public Service Commission to provide transportation services of any nature – taxicab, sedan or limousine.

Given the facts that I have laid out, I am asking you to respond to the following questions within 30 days:

- (1) Why has Uber failed to obtain either a County PVL to deliver taxicab services, or a PSC permit to deliver sedan or limousine services?
- (2) Why has Uber failed to require that its partner drivers obtain a taxicab driver identification card issued by the County or a for hire driver's license issued by the PSC?

I sincerely look forward to receiving your responses to the questions that I have posed. If you have any questions regarding the nature of this letter, please do not hesitate to contact me.

Sincerely,

  
Arthur Holmes, Jr.  
Director

cc: Al R. Roshdieh, Deputy Director  
Carolyn Biggins, Division Chief, Transit Services



Ad

Opinions

# Who will win the ridesharing war? Probably not consumers.



Advertisement

A Lyft car drives next to a taxi on June 12, 2014 in San Francisco, California. (Justin Sullivan/Getty Images)



By Catherine Rampell Opinion writer

October 2 at 7:53 PM

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Meet the new boss, same as the old boss. Except less regulated.

That's my feeling about so-called ride-sharing services such as Uber and Lyft, which seem to be hailed (no pun intended) as a godsend to travelers, drunken revelers and environmentalists alike. A group of heavyweight economists have unanimously endorsed the idea that competition from these firms raises "consumer welfare." One likely future Nobel laureate said he couldn't think of any "externalities" — that is, costs imposed on others —

that might result from “more competition” in the livery market.

Catherine Rampell is an opinion columnist at The Washington Post. [View Archive](#)

But it’s silly to assume cities can welcome ever-higher numbers of relatively unregulated quasi-taxis with no costs to consumers.

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First, there are the obvious short-term social costs: traffic and emissions.

Medallions and other regulations capping the number of livery cars available are often derided as taxi cartel protectionism. But they can benefit the public, too. They limit the number of empty cars driving around looking for passengers, snarling intersections and polluting the air.

If you don’t believe me, check out message boards where drivers talk about waiting hours without getting “pinged” for a ride. “I just realized why I’m not getting pinged,” one disgruntled driver wrote, posting a picture of a cluster of idle Uber cars in Orange County, Calif. “We’re all on top of each other begging for pennies.”

Unlike drivers or urban planners, Uber and Lyft have no incentive to limit the number of cars on the road; quite the opposite, since the companies don’t bear the costs of additional driving (gas, maintenance and the opportunity cost of waiting around are all borne by drivers). Uber just wants the maximum number of Uber-affiliated cars on

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**The Most Popular All**  
Over

THE BALTIMORE SUN

the road, to keep wait times short and thereby attract more passengers.

Ride-sharing evangelists assert, of course, that they are helping the environment by discouraging car purchases. Thus far, though, there is no evidence that ride-sharing passengers are getting rid of their own cars, according to a recent University of California Transportation Center study based on ride-sharing customers in the San Francisco area. The study also found that ride-sharing upstarts took business not just from legacy taxi fleets but also from more environmentally friendly modes of transit as well. Nearly half of respondents said that if a ride-sharing service hadn't been available for the trip they were being asked about, they would have instead taken a bus, train or bike — or simply walked.

Even those who said they might have taken a regular taxi might still be less green than they believe; taxicabs in San Francisco, after all, have to meet tight emissions standards, but Lyft drivers can use any vehicle — even a Hummer — made after 2000.

Maybe you think the traffic and environmental costs are worth it, given the value to consumers of cheap, reliable rides, especially in cities where public transit and taxi services are undependable. Plus, Uber and Lyft are engaged in a price war, which in the short run certainly looks good for consumers.

But there's also the long run to think about.

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For all the rhetoric about the value of competition, the goal of this price war is to neutralize the competition and become the only livery game in town. Which would mean more market power, over both drivers and consumers, probably to the detriment of both.

We've already seen these firms harvesting the driver side of the market: Both companies have lured drivers with promises of unrealistically high paydays, then unilaterally changed terms — raising commissions, cutting fares, forcing drivers to participate in lower-paying ride-sharing services — after drivers already made major investments such as buying new cars.

Uber and Lyft have aggressively exempted themselves — first by casual defiance, then through savvy lobbying — from insurance and safety laws covering other livery services. They have also tried to steal each other's business in ways that are unethical at best (with both reportedly scheduling and canceling thousands of each other's rides to keep competitors' cars unavailable to paying customers).

In other words, for all their bellyaching about the bullies of Big Taxi, Uber and Lyft are becoming pretty big bullies themselves. Nothing about their behavior suggests the ultimate winner of the ride-sharing wars will wield its power beneficently when it controls the market and can raise consumer prices at will. Consumers will just be

trading in one monopoly — loathed Big Taxi — for another, less regulated one.

**Read more about this topic:**

David Alpert: The next step for regulating Uber

Evan Feinberg: D.C. and Virginia should stop fighting Uber, Lyft and Sidecar

The Post's View: Uber deserves a fair chance to compete in Virginia and elsewhere

Gebreselassi, Bezabeh: Uber, Lyft and Sidecar should have to play by the same rules as cabs

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**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 1. GENERAL PROVISIONS / Sec. 53-101. Definitions.**

**Sec. 53-101. Definitions.**

In this Chapter, unless the context indicates otherwise:

*Accessible taxicab* means a taxicab that the Department has authorized to transport passengers with disabilities.

*Association* means 5 or more individual licensees who join together to form a business entity to provide taxicab service.

*Committee* means the Taxicab Services Advisory Committee.

*Department* means the Department of Transportation.

*Director* means the Director of the Department or the Director's designee.

*Driver* means an individual authorized to operate a taxicab under this Chapter and issued a Taxicab Driver Identification Card.

*Entity* means a legally formed business organization in good standing, including any form of corporation or partnership.

*Fleet* means any entity that holds in its own name 5 or more licenses.

*In service* means the operation of a taxicab on any roadway in the County when the driver is not displaying an approved out of service sign or notice.

*License* or *Taxicab License* means a Passenger Vehicle License issued under this Chapter.

*Licensee* means an individual or fleet to whom the Director has issued a license.

*Out of service* means a taxicab that:

- (1) displays a Department approved out of service sign or notice while being operated; or
- (2) is removed from revenue service and parked.

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*Owner* means an individual or entity that:

- (1) is listed with the state motor vehicle agency as holding legal title to a specific motor vehicle;
- (2) is a conditional vendee or lessee of a vehicle that is the subject of an agreement for conditional sale or lease, if the conditional vendee or lessee has assumed liability, and is authorized to pay judgments and accept any legal notice or service of process, with respect to the vehicle; or
- (3) acts as the agent of the registered owner for all purposes, including acceptance of liability, payment of judgments and other legal obligations, and receipt of any legal notice or service of process.

*Passenger* means a person who engages a taxicab for hire.

*Passenger Vehicle License* means a license to provide taxicab service using a specified motor vehicle.

*Seat belt* means a seat belt as defined in State law.

*Security seal* means a lead and wire seal, or a similar device, attached to a taximeter to secure the meter against unauthorized access, removal, or adjustment.

*Security interest* means any security interest, pledge, mortgage, deed of trust, or similar encumbrance, by act or deed or by operation of law, to secure the repayment of indebtedness incurred with respect to a licensee's taxicab business or the acquisition of a passenger vehicle license by a licensee.

*Special license* means a license to provide taxicab service to a population, based on geographic location or special need, that the Director finds would be underserved by existing taxicab service.

*Taxicab* means a motor vehicle that:

- (1) is designed or configured to carry 7 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

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(D) is used to respond to an immediate request for passenger transportation.

*Taxicab Driver Identification Card or Identification (ID) Card* means a card showing that the holder has qualified to drive a taxicab in the County.

*Taxicab Service* means carrying one or more passengers for compensation between points chosen by the passenger:

(1) regardless of how or when engaged, for a fare that is based on the distance traveled, time elapsed, or both, except as expressly authorized in this Chapter; or

(2) after being engaged by hail from a street, or from a parking lot, taxi stand, or other location where the vehicle is waiting for a request for service.

*Taxicab Stand* means an area marked solely for the use of taxicabs to wait for passengers.

*Transfer:*

(1) means an assignment, sale, gift, conveyance, or other disposition that has as its purpose or effect the transfer of the rights conferred under this Chapter on the licensee to another person or entity; and

(2) if the licensee is a business entity, includes the transfer of 50 percent or more of the stock, voting rights, membership interest, or other ownership or controlling interest in the entity, regardless of whether the transfer occurs as one transaction or a series of separate transactions. (2004 L.M.C., ch. 27, § 1; 2008 L.M.C., ch. 5, § 1.)

**Editor's note**—2008 L.M.C., ch. 5, § 3, states: Sec. 3. Any regulation in effect when this Act takes effect that implements a function transferred to another Department or Office under Section 1 of this Act continues in effect, but any reference in any regulation to the Department from which the function was transferred must be treated as referring to the Department to which the function is transferred. The transfer of a function under this Act does not affect any right of a party to any legal proceeding begun before this Act took effect.

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES.**

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**ARTICLE 2. TAXICAB LICENSES.**

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /**

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**ARTICLE 2. TAXICAB LICENSES. / Division 1. General License Provisions.**

**Division 1. General License Provisions.**

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 1. General License Provisions. / Sec.  
53-201. Required.**

**Sec. 53-201. Required.**

- (a) A person must not provide taxicab service without possessing a license as required under this Chapter.
- (b) A license must be issued only to the owner of each taxicab.
- (c) A licensee must not operate a taxicab or provide taxicab service unless the licensee either:
  - (1) holds a fleet license; or
  - (2) holds one or more individual licenses and is affiliated with an association or a fleet.
- (d) A licensee must hold a license for each taxicab. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 1. General License Provisions. / Sec.  
53-202. Display.**

**Sec. 53-202. Display.**

Each licensee and driver are both responsible for displaying the license prominently in the taxicab at all times in a location that is plainly visible to passengers. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 1. General License Provisions. / Sec.  
53-203. Types of licenses; cross-ownership.**

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**Sec. 53-203. Types of licenses; cross-ownership.**

(a) A fleet or association, including any officer, director, owner, employee, affiliate, subsidiary, or holding company, must not have any direct or indirect ownership interest in or management control over any other fleet or association that operates in the County.

(b) An individual must not hold a license originally issued to a fleet or association under this Chapter, and a fleet or association must not hold a license originally issued to an individual under this Chapter, unless the license was lawfully transferred under Section 53-204. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 1. General License Provisions. / 53-204.  
Transferability; security interest.**

**53-204. Transferability; security interest.**

(a) Any license must not be transferred except as provided in this Chapter.

(b) A license may be transferred only if:

(1) the licensee notifies the Department in writing of the proposed transfer not less than 30 days before the date of the proposed transfer, specifying all terms and conditions of the proposed transfer and the identity of the proposed transferee;

(2) the Director finds that the proposed transferee meets all requirements of this Chapter and applicable regulations; and

(3) the licensee surrenders the license when the Director approves the transfer.

(c) Except in the case of a transfer under subsection (f), a license issued to any licensee may be transferred only if the license was not issued or transferred within the previous 3 years.

(d) The Director must not approve the transfer to an individual of a license issued to a fleet if:

(1) the same fleet has already transferred more than 2 licenses to individuals during that calendar year; or

(2) the transfer would result in individuals holding more than 30% of the total

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number of licenses then in effect.

Until December 31, 2009, the Director, after receiving a written request from a licensee, may waive either limit in this subsection on transferring a license issued to a fleet when the Director concludes that a waiver is necessary to avert a potential significant loss of service or to preserve or promote adequate taxicab service in all areas of the County, and the waiver will not reduce or impair competition, public welfare, and public safety. If the Director waives either limit for a fleet, the Director must at the same time waive the same limit for each other fleet so that each fleet's share of the waivers approved for all fleets is at least the same as that fleet's share of all fleet licenses when the application for a waiver was filed. The Director may attach reasonable conditions to any waiver, including requirements for purchase of commercial liability insurance and maintenance of minimum numbers of accessible vehicles and limits on the number of new licenses a company can apply for or receive in a 2-year period after it transfers existing licenses.

(e) The Director must not approve a transfer of any license if the transferee already holds, or would then hold, more than 40% of the total number of licenses then in effect. This subsection does not prohibit the sale or transfer of a licensee that held more than 40% of the licenses in effect on October 1, 2004, or the sale or transfer of all or a majority of the licenses held by that licensee.

(f) A security interest may be created in a passenger vehicle license in accordance with the Maryland Uniform Commercial Code, subject to the Director's approval. The Executive may by regulation attach further conditions to the creation of a security interest, consistent with this subsection, as necessary to avoid significant disruptions in taxi service. The Director may approve the creation of a security interest only if:

(1) the licensee and, if different, the proposed holder of the security interest has notified the Director at least 30 days before the security interest would be created of the identities of all parties to and all terms and conditions of the security interest; and

(2) the secured party acknowledges in the security interest agreement that:

(A) the security interest is subordinate, in all respects, to the authority of the Director to suspend, revoke, or refuse to renew the license under this Chapter; and

(B) any transfer of the license pursuant to a foreclosure or execution on the security interest is not effective unless the Director finds that the proposed transferee satisfies all requirements of this Chapter and applicable regulations.

The Director must send to the secured party, at its last address on file with the Department, a copy of any written notice to the licensee regarding the suspension, revocation, or refusal to renew the license. That notice is the only notice the Director is required to provide to a

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secured party of any action taken or proposed to be taken with respect to a license.

(g) A transferred license is valid for the remainder of the term of the original license. (2004 L.M.C., ch. 27, § 1; 2008 L.M.C., ch. 35, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 2. Issuance, Denial, Expiration, and  
Renewal. / Sec. 53-215. Expiration of license.**

**Sec. 53-215. Expiration of license.**

A license expires one year after it is issued. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 2. Issuance, Denial, Expiration, and  
Renewal. / Sec. 53-216. Renewal of license.**

**Sec. 53-216. Renewal of license.**

The Director must renew a license if the licensee:

- (a) is in compliance with all applicable laws and regulations, including all required safety, operational, and inspection requirements of this Chapter;
- (b) submits a statement under oath affirming that the information and statements submitted with the original application have not materially changed, except as previously or then submitted; and
- (c) pays the required fee. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 3. Duties of Licensees.**

**Division 3. Duties of Licensees.**

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 3. Duties of Licensees. / Sec. 53-217. Notice**

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**of change of address.**

**Sec. 53-217. Notice of change of address.**

Each licensee must notify the Department, in writing, not less than 2 business days after changing:

- (a) a business or residential address;
- (b) a required telephone number; or
- (c) any officer, principal, partner, or managing agent, or any other person who effectively controls the operations of a licensee. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 3. Duties of Licensees. / Sec. 53-218.  
Quarterly accident reports.**

**Sec. 53-218. Quarterly accident reports.**

Each licensee must submit a quarterly report detailing all accidents involving any of its taxicabs to the Department on a form approved by the Director. The Director may require a more frequent report. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 3. Duties of Licensees. / Sec. 53-219.  
Responsibility of licensees, affiliates, and drivers.**

**Sec. 53-219. Responsibility of licensees, affiliates, and drivers.**

(a) A licensee must not knowingly permit any taxicab to be operated in this County by a person who has:

- (1) not been authorized to operate a taxicab under this Chapter; or
- (2) tested positive for drugs or alcohol, as defined by applicable regulations, unless authorized by the Director.

(b) Each licensee must promptly take appropriate action when the licensee becomes

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aware from any source that a driver of a taxicab for which the licensee holds the license or regarding which the licensee is a party to an affiliation agreement has not complied with all requirements of this Chapter and the customer service standards adopted under this Chapter.

(c) Each licensee must exercise due diligence to monitor the activities of each driver of a taxicab for which the licensee holds the license or regarding which the licensee is a party to an affiliation agreement to assure that the driver complies with all requirements of this Chapter and the customer service standards adopted under this Chapter.

(d) Notwithstanding the legal status of any driver as an independent contractor rather than an employee of the licensee, for the purposes of this Chapter (and particularly the customer service standards adopted under this Chapter) the responsibility of each licensee for the conduct and performance of drivers under this Chapter:

(1) applies to each driver, including affiliates of the licensee; and

(2) prevails over any inconsistent contract or other agreement between a licensee and an affiliate or a driver.

(e) Any contract or other operating agreement between a licensee and any driver must:

(1) inform the driver of:

(A) the driver's obligation to comply with all requirements of this Chapter and the customer service standards adopted under this Chapter; and

(B) the licensee's obligation to take appropriate action when the licensee becomes aware that a driver has not complied with any requirement or customer service standard;

(2) empower the licensee to take appropriate action, as required in subsection (b); and

(3) not restrict a driver, affiliate, or taxicab owner from providing taxicab service in the County after the contract or agreement expires or is terminated.

(f) (1) Any contract or other operating agreement between a licensee and any affiliate or driver must require both parties, at either party's request, to participate in good faith in an independent, third-party mediation or alternative dispute resolution process, which may be administered by the Department or the Department's designee.

(2) A dispute is subject to the process required by this subsection if the dispute is connected with the operation of the contract or agreement or involves the affiliate's or driver's compliance with any requirement of this Chapter or a customer service standard adopted

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under this Chapter. The implementing regulations may specify that certain classes of disputes are not subject to this process.

(3) The dispute resolution administrator may stay the operation of any action taken by a party when a stay is necessary to preserve the rights of any party.

(4) This subsection does not preclude either party from taking any other lawful action to enforce any contract or agreement. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* / ARTICLE 2. TAXICAB LICENSES. / Division 4. Additional Duties of Fleets and Associations.**

**Division 4. Additional Duties of Fleets and Associations.**

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* / ARTICLE 2. TAXICAB LICENSES. / Division 4. Additional Duties of Fleets and Associations. / Sec. 53-220. Essential requirements.**

**Sec. 53-220. Essential requirements.**

Each fleet and association must:

(a) establish a management office in the County, or at another location approved by the Director;

(b) provide a communication system approved by the Director that:

(1) gives the driver and fleet or association two-way dispatch communication;  
and

(2) allows public access to request service, register complaints, and seek information. The communications system must allow a member of the public to speak to a staff member 24 hours a day, 7 days a week.

(c) operate under uniform colors and markings approved by the Director;

(d) submit a customer service plan as required by applicable regulations that specifies how the fleet or association will achieve the plan's goals for safe, reliable customer service and on-time performance;

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- (e) submit accurate, verifiable operating and statistical data reports as required under this Chapter;
- (f) provide an adequate number of taxicabs to meet service demand 24 hours a day, 7 days a week, as defined by applicable regulations; and
- (g) comply with all requirements of this Chapter regarding the provision of accessible taxicabs. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 4. Additional Duties of Fleets and  
Associations. / Sec. 53-221. Operating requirements.**

**Sec. 53-221. Operating requirements.**

Each fleet and association must:

(a) provide its own centralized administrative, vehicle maintenance, customer service, complaint resolution, dispatch, management, marketing, operational, and driver training services located in the County, or at one or more other locations approved by the Director, that are physically separate from any other association or fleet. A fleet or association may obtain these services, with the approval of the Director:

(1) from another person or entity who does not hold, or have an interest in, a license issued under this Chapter; or

(2) from another fleet or association if the Director finds that joint operations of this type:

(A) would promote competition and improve customer service; and

(B) would not impair the independence of any fleet or association;

(b) designate one to 4 persons with managing or supervisory authority to act on behalf of the fleet or association in all contact with the Department; and

(c) file with the Department, in addition to any other data required by law:

(1) if the fleet or association is incorporated, a copy of its certificate of incorporation, bylaws, and all other rules and regulations relating to the organization and operation of the entity and its membership;

(2) if a corporation holds a license, each year by February 1 a certificate of

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good standing issued by the State Department of Assessments and Taxation; and

(3) information on a form provided by the Department, showing, for each taxicab, the licensee's name and address, vehicle make, vehicle identification number and taxicab number, and other pertinent information listed on the form. Any change in the information required by this paragraph must be filed in writing with the Department within 2 business days after the change. (2004 L.M.C., ch. 27, § 1.)

### **Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* / ARTICLE 2. TAXICAB LICENSES. / Division 4. Additional Duties of Fleets and Associations. / Sec. 53-222. Customer Service Plan.**

#### **Sec. 53-222. Customer Service Plan.**

(a) Each fleet and association is responsible for providing timely, safe, reliable quality taxicab service. To that end, each fleet and association must submit to the Director a customer service plan as required by Section 53-110 and applicable regulations.

(b) At a minimum, each fleet and association's initial customer service plan must:

(1) specify the fleet or association's anticipated percentage of trips that will achieve the applicable response time standards set under Section 53-110(b)(8) for prearranged service requests and calls for immediate service, or submit proposed response times for immediate and prearranged service that are different in any service area specified by the fleet or association. When different response times are proposed, the plan must describe why the differences are proposed, considering growth in a service area or the fleet or association's willingness to serve areas that need additional service;

(2) include timelines to achieve the proposed standards if they will not be met in the next year;

(3) describe any operational changes the fleet or association intends to implement that would result in improved service;

(4) describe what procedures the fleet or association will employ to keep each person who calls for service informed of the status of that person's request;

(5) describe any special procedures the fleet or association will use to assign appropriate priority to service requests that involve persons with special medical needs or non-emergency trips to or from medical facilities;

(6) specify the number of taxicabs needed to achieve response times, and

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justify an increase in taxicab licenses, if requested, based on public convenience and necessity;

(7) include a phased-in plan for service improvements, particularly noting any improvements intended to achieve better service to senior citizens, people with disabilities, or other underserved populations identified by the Directors;

(8) describe the fleet or association's participation, and goals for participation, in user-side subsidy programs;

(9) calculate the fleet's or association's user-side subsidy program participation data for the previous 12 months;

(10) describe the fleet or association's geographic areas of service, including any planned expansion in a service area or a willingness to serve areas that need additional service;

(11) calculate prior taxicab productivity, measured by the number of daily trips per cab or an equivalent measurement;

(12) describe the fleet or association's development of and participation in innovative taxicab services;

(13) list the number of consumer complaints involving the fleet or association, by type, filed with the County or another government agency in the past 24 months; and

(14) list the number of enforcement actions against the fleet or association or its drivers of which the fleet or association is aware, started and completed during the past 24 months.

(c) Any customer service plan filed after the initial plan must show any changes in the data included in the initial plan, and any new data required by applicable regulations. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* / ARTICLE 2. TAXICAB LICENSES. / Division 4. Additional Duties of Fleets and Associations. / Sec. 53-223. User-side subsidy programs - participation.**

**Sec. 53-223. User-side subsidy programs - participation.**

Any fleet or association must participate in the County's user-side subsidy programs, as required by applicable regulations, unless the Director waives this requirement for good cause. (2004 L.M.C., ch. 27, § 1.)

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**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles.**

**Division 5. Taxicab Vehicles.**

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-224.  
Mechanical inspection certificate.**

**Sec. 53-224. Mechanical inspection certificate.**

Before a license is issued under this Chapter, the applicant must furnish a certificate from a state-certified inspection station in good standing that a comprehensive inspection, performed to state standards by a licensed state inspector, shows that the vehicle is mechanically safe. A license must not be issued if the vehicle has been driven more than 150 miles since the inspection was performed. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-225.  
Insurance required.**

**Sec. 53-225. Insurance required.**

(a) Before the Director issues any passenger vehicle license under this Chapter, the applicant must submit written proof of insurance or self-insurance for the vehicle that covers bodily injury or death to any passenger or other person, and property damage, in amounts required by applicable regulations.

(b) The insurance must be provided by an insurer licensed to do business in the State or, alternatively, under a self insurance program approved and administered by the state motor vehicle agency.

(c) If the insurance coverage lapses at any time during the license term, the taxicab license is automatically suspended. The licensee must immediately notify the Department, stop operating the taxicab, and surrender the license to the Department. The Director must promptly reinstate the license if all required insurance coverage is documented to the Director's

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satisfaction.

(d) Each taxicab must contain sufficient copies of a summary of insurance information, in a form approved by the Director, that may be given to passengers, members of the public, and law enforcement officers. The summary must include:

- (1) the name and address of the vehicle owner;
- (2) the vehicle's license tag number;
- (3) the name, address, office hours, and telephone number of the insurance claims office responsible for adjusting any insurance claim arising from use of the vehicle; and
- (4) the name, address, and telephone number of the Department and any other government agency where complaints regarding insurance claims handling may be filed. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-226. State  
registration required.**

**Sec. 53-226. State registration required.**

The Director must not issue or renew a license unless the licensee has registered the taxicab as a "class B" for-hire vehicle with the Motor Vehicle Administration for the year in which the license is applied for, and the registration remains valid. The licensee must notify the Department in writing not more than 2 business days after the licensee receives notice that the vehicle registration is revoked or suspended. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-227.  
Continuous operation.**

**Sec. 53-227. Continuous operation.**

- (a) Each licensee must notify the Department in writing at any time that:
  - (1) a taxicab will be or has been out of service for more than 30 days, or
  - (2) an average of more than 15% of the taxicab whose licenses are held by

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that licensee have been inactive during the previous calendar month.

- (b) Each notice must:
  - (1) explain the reasons for each period of inactivity; and
  - (2) show why the Director should not revoke the license of each inactive taxicab for lack of use. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-228.  
Procedure when vehicle placed in or removed from service.**

**Sec. 53-228. Procedure when vehicle placed in or removed from service.**

- (a) Each licensee must notify the Department in writing at least 3 business days before placing a taxicab in service.
- (b) Each licensee must place a taxicab in service within 90 days after a license is approved for issuance. Issuance of the license take effect when the vehicle is placed in service; if the vehicle is not actually placed in service, the license has not been issued. The Director may extend the time to place a taxicab in service for no more than 90 additional days:
  - (1) to allow a vehicle to be retrofitted for use as an accessible taxicab; or
  - (2) in the case of a fleet, to allow the fleet to buy the taxicab and prepare it to be placed in service;

The Director must not otherwise waive or extend this requirement.

- (c) Each licensee must notify the Department at least 3 business days before removing a taxicab permanently from service, whether the owner junks the vehicle, sells it, or transfers its title.
- (d) Each licensee must notify the Department if a vehicle's license plates have been stolen or its registration or license has been suspended or revoked. Any vehicle without a valid registration or with expired, revoked or suspended license plates must not be used to provide taxicab service.
- (e) When a taxicab is permanently out of service, the licensee must return the license to the Department and must remove the meter, cruising lights, and any other marking or sign that identifies the vehicle as a taxicab.

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(f) Each licensee must receive the Department's approval before taking a taxicab out of service for a period longer than 30 days. The licensee must explain why the taxicab is out of service and list its license number, assigned vehicle number, and registration numbers. If the Department finds that the licensee has good cause, as defined by applicable regulations, to take the taxicab out of service, the Department may approve that action. If the Department rejects the application, the licensee must promptly reinstate the taxicab in service.

(g) Any vehicle placed in service as a taxicab must not be more than 4 model years old. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-229. Age of  
vehicles.**

**Sec. 53-229. Age of vehicles.**

(a) A licensee must not use any vehicle that is more than 7 model years old to provide taxicab service in the County. As used in this Chapter, the "model year" of a vehicle is the year designated by the vehicle manufacturer, as indicated on the vehicle or in the manufacturer's records. A licensee may maintain a vehicle in service until the next December 31 after its seventh model year ends if the vehicle passes a comprehensive safety inspection performed during the preceding August by a state-certified inspector in good standing.

(b) The Director may waive this requirement only to maintain an accessible taxicab in service for no more than 90 days when the licensee shows that no adequate replacement vehicle was available for purchase during the preceding 90 days. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-230.  
Maintenance and repair.**

**Sec. 53-230. Maintenance and repair.**

(a) Each licensee must maintain each taxicab in a clean and safe operating condition, and properly maintain its lights, brakes, window glass, doors, tires, fenders, paint, upholstery, and all devices and parts affecting the vehicle's safety, operation, or appearance.

(b) Each licensee must comply with any order of the Director to immediately remove from service any taxicab which is not in safe operating condition, and to remove from service

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within 5 days any taxicab that is not clean, sanitary, and of good appearance, until all necessary repairs and replacement of defective equipment, painting, or cleaning has been completed.

(c) Any taxicab removed from service under this Section must not be reinstated in service until it has been inspected and approved under procedures established by applicable regulation. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-231. Vehicle  
numbering, lettering, and markings; rate chart.**

**Sec. 53-231. Vehicle numbering, lettering, and markings; rate chart.**

(a) When a license for a taxicab is issued under this Chapter, the Department must assign a license number to the taxicab. The licensee (or the fleet, if the vehicle is affiliated with a fleet) must assign a vehicle number to each taxicab. The vehicle number must be permanently applied, plainly visible, and not less than 3 inches high, on each of the 2 sides, on each of the 2 rear door roof columns, and on the rear of each taxicab.

(b) When the Director so orders, the license number must be affixed to the taxicab by decal or metal tag provided by the Department in a manner approved by the Director.

(c) Numbers must be assigned only in the manner designated by the Director. A person must not remove, reassign, or change a number from one vehicle to another without written authorization by the Department.

(d) The licensee must place lettering on the passenger side of the taxicab, in a form and manner approved by the Director, identifying the licensee.

(e) A taxicab operating in the County must have the license number, and the name and telephone number of the fleet or association that owns or operates it and to whom complaints can be made, prominently displayed in the rear seat area of the taxicab with lettering and numbering at least 1.5 inches high. If the operator is not the owner, as defined in Section 53-101, the name, telephone number, and business address of the owner must similarly be prominently displayed.

(f) A licensee must post a rate chart issued by the Department in the taxicab in a location conspicuously visible to any passenger. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-232. Doors;**

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**lettering; color; special equipment.**

**Sec. 53-232. Doors; lettering; color; special equipment.**

(a) Each taxicab operated in the County must have at least 3 doors. All doors must operate safely.

(b) A licensee or driver must not operate a taxicab unless the taxicab bears markings in letters plainly distinguishable and not less than 3 inches high, on each of the 2 sides of the taxicab, showing the approved name and telephone number of the fleet or association by whom the taxicab is owned or operated, and the word "taxicab," "taxi" or "cab."

(c) All taxicabs in a fleet or association must be uniform in color. However, the Director may approve advertising in different colors or markings as long as the public can still readily identify taxicabs operated by that licensee, or the use of a set of different colors and markings to identify a specialized service provided by or geographic area served by a fleet or association. Any color combination approved by the Department must be reserved for the exclusive use of that fleet or association when the fleet or association is operating taxicabs in the County.

(d) Each licensee must insure that each fleet or association uses only the approved name of the fleet or association in advertising or listing its service to the public. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-233. Cruising  
lights.**

**Sec. 53-233. Cruising lights.**

Each taxicab must have cruising lights that operate electrically as a sign or insignia mounted on the forward portion of the roof of the taxicab. These lights must not be used until approved by the Department. These lights must be designed so that the vehicle can be easily identified as a taxicab. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-234. Seat  
belts.**

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**Sec. 53-234. Seat belts.**

Each taxicab must have one set of seat belts for the driver and each passenger. The seat belts must be easily accessible and in good working order. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-235. Taxicab  
meters.**

**Sec. 53-235. Taxicab meters.**

(a) Each taxicab must be equipped with an accurate, properly installed and connected taximeter which has a security seal affixed by the Department.

(b) In addition to regular inspections, the Department may conduct periodic tests of these meters. Upon successful completion of the tests, the taximeter must be affixed with a security seal. These tests should be scheduled in a manner that minimizes interruption of taxicab service to the public.

(c) Except as otherwise specified, the requirements for approval and methods of testing and operation of taximeters must conform to specifications, tolerances, and standards for taximeters set out in national standards or established by applicable regulation.

(d) A person must not alter the meter or change the mechanical condition of wheels, tires, or gears of any taxicab with the intent to cause incorrect registration by the meter of the fare charged to any passenger. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 2. TAXICAB LICENSES. / Division 5. Taxicab Vehicles. / Sec. 53-236.  
Inspections.**

**Sec. 53-236. Inspections.**

(a) Each licensee must allow the Director to make reasonable inspections of any vehicle licensed to operate under this Chapter, and must allow the Director to examine any business record, including any maintenance record, in-service inquiry or dispatching record required to analyze data and enforce this Chapter, and all trip records required under this

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Chapter. Maintenance record includes any record needed to establish whether safety repairs have been made, or that reflects the mileage and odometer readings of any vehicle.

(b) On the request of any inspector or law enforcement officer, any licensee or driver must produce any required license or identification card or a valid driver's license.

(c) Each driver must respond to an oral request within 60 minutes when any trip record required under Section 315 is requested during a field investigation by an inspector or law enforcement officer. Each fleet or association must make available a direct telephone line to the Department and the County Police Department on which the fleet or association must transmit any record it possesses of any trip taken or dispatched on the same or the previous day, within 60 minutes after any inspector or law enforcement officer requests the record.

(d) Each taxicab licensed under this Chapter must undergo a complete inspection of its mechanical condition and any special equipment used to transport persons with disabilities every 6 months at a time and place designated by the Department. The inspection must be performed by a licensed state inspector at a state-certified inspection station in good standing. The Director must immediately, without holding a hearing, suspend the license of any taxicab in an unsafe physical or mechanical condition. The Director must immediately reinstate any unexpired suspended license after receiving satisfactory proof that the violation or defect has been corrected. (2004 L.M.C., ch. 27, § 1.)

### **Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* / ARTICLE 7. HEARINGS, APPEALS, AND JUDICIAL REVIEW.**

## **ARTICLE 7. HEARINGS, APPEALS, AND JUDICIAL REVIEW.**

### **Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* / ARTICLE 7. HEARINGS, APPEALS, AND JUDICIAL REVIEW. / Sec. 53-701. Administrative appeal of certain denials.**

#### **Sec. 53-701. Administrative appeal of certain denials.**

(a) A person may appeal to the Director from a decision of the Department refusing to issue or renew a driver identification card or license, including the opportunity to compete for a license under the lottery procedures of this Chapter because of a lack of qualifications.

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(b) An appeal must be filed in writing within 15 days after the Director sends the person a written decision. If the appellant requests a hearing, the Director must provide an opportunity for a hearing under Chapter 2A.

(c) The decision of the Director under this Section is final administrative action for purposes of judicial review. (2004 L.M.C., ch. 27, § 1.)

### **Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* / ARTICLE 7. HEARINGS, APPEALS, AND JUDICIAL REVIEW. / 53-702. Hearing on suspension or revocation.**

#### **53-702. Hearing on suspension or revocation.**

(a) Upon determining that one or more grounds for suspension or revocation of a license or identification card exist, the Director must serve a written notice on the licensee or driver, as appropriate, in person or by U.S. mail, first class, postage prepaid, addressed to the licensee's or driver's last known address as maintained in the licensee's or driver's file.

(b) Service on the licensee or driver by mail is effective 7 calendar days after mailing under this Section.

(c) The written notice must:

(1) notify the recipient that the Director has found that the license or identification card may be subject to suspension or revocation;

(2) specify the grounds for the Director's finding; and

(3) set a date for a hearing.

(d) The Director must set a hearing date as required by Chapter 2A unless the licensee or driver and the Director agree to an earlier date, in which case other filing deadlines may be shortened to expedite a hearing without prejudicing either the appellant or the Defendant.

(e) The hearing may be conducted by the Director or a hearing officer. At the hearing, the licensee or driver may present evidence and witnesses to refute the grounds cited by the Director to suspend or revoke the license or identification card, and the Department and any other person may submit relevant evidence. The administrative record compiled by the Department under this Chapter must be made part of the hearing record. After the close of the hearing, the person who conducted the hearing must render a decision in writing, giving the reasons for the decision. The action taken by the Director is the Department's final

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administrative action and is subject to judicial review.

(f) Any person who requests a copy of the hearing transcript must pay the cost of preparing it.

(g) A licensee or driver who does not appear at the hearing waives the right to a hearing and consents to the action that the Director proposed in the notice. The Director may then suspend or revoke the license or identification card as proposed in the notice.

(h) A licensee or driver who does not appear at the hearing must pay the costs of the hearing unless that person notifies the Director that he or she will not appear at least 5 days before the scheduled hearing. Fees and costs for hearings may be established by regulation.

(i) A suspension or revocation takes effect on the earlier of the day that the Director's written decision is delivered in person or 3 days after it is placed in the U.S. mail, first class, postage prepaid, addressed to the last known address of the licensee or driver. To facilitate enforcement of this provision, the Director may require the licensee or driver to appear at the Director's office at a specific time to receive a copy of the decision and surrender the license or identification card. The licensee or driver must comply with the Director's order. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 7. HEARINGS, APPEALS, AND JUDICIAL REVIEW. / Sec. 53-703. When  
effective; surrender of license.**

**Sec. 53-703. When effective; surrender of license.**

(a) After receiving notice of a revocation or suspension, unless otherwise directed, the licensee or driver must, within 24 hours:

- (1) place the license or identification card in the mail, first class, postage prepaid, addressed to the Department; or
- (2) physically deliver the License or identification card to the Department.

(b) If the Department does not receive the license or identification card within 48 hours after notification, excluding weekends or a legal holiday, or as directed, the licensee or driver has violated this Chapter and, in addition to any other penalty that may be imposed, the Director or police may:

- (1) remove the revoked or suspended license or identification card from the

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taxicab;

(2) seize the taxicab and hold it until the license or identification card is surrendered; or

(3) demand the return of the license or identification card by the appropriate person. (2004 L.M.C., ch. 27, § 1.)

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 7. HEARINGS, APPEALS, AND JUDICIAL REVIEW. / Sec. 53-704. Judicial  
review - denial, revocation, or suspension.**

**Sec. 53-704. Judicial review - denial, revocation, or suspension.**

(a) Any person aggrieved by the denial, suspension, or revocation of a license or identification card may apply for judicial review under the applicable Maryland Rules of Procedure.

(b) If a transcript of any administrative proceeding has not been prepared, the appellant must pay the cost of preparing the transcript.

(c) The Director's decision to deny a license or driver identification card must not be stayed pending judicial review. Final administrative action that revokes or suspends, or refuses to renew, a license or identification card may be stayed pending judicial review only if the court finds, after a full evidentiary hearing, that the public health, safety, or welfare will not be endangered during the period of judicial review.

(d) A lottery or other license issuance procedure may proceed while judicial review of the denial of a license or the opportunity to compete for a license is pending. Judicial modification or reversal of a final administrative action to deny a license or the opportunity to compete for a license does not affect the validity of any other license that was properly issued under this Chapter. If the court finds that a license was improperly denied, the court may order the Director to issue the license, notwithstanding any numerical limit in this Chapter on the number of licenses that can be issued. However, a license must not be issued to the appellant until all rights to judicial review have been exhausted.

(e) Any decision of the Circuit Court on an appeal under this Section may be appealed to the Court of Special Appeals. (2004 L.M.C., ch. 27, § 1.)

MONTGOMERY COUNTY CODE

**Part II. Local Laws, Ordinances, Resolutions, Etc. / Chapter 53. TAXICABS.\* /  
ARTICLE 1. GENERAL PROVISIONS / Sec. 53-106. Rates.**

**Sec. 53-106. Rates.**

(a) The County Executive must set taxicab rates by regulation to promote the public interest after holding a public hearing and considering the recommendations of the Committee.

(b) To encourage ride sharing and other innovative taxicab services, the regulation may require a licensee to accept certain payment methods and charge rates that are not taximeter based.

(c) 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) A person must not charge for taxicab service except as allowed under applicable regulations or subsection (c). (2004 L.M.C., ch. 27, § 1.)

**Montgomery County Department of Transportation  
Division of Transit Services**

**MONTGOMERY COUNTY, MARYLAND TAXICAB METER  
RATE SCHEDULE**

**Rate for One Passenger:**

**DRIVERS MUST USE METERS**

<b>Description</b>	<b>Rate</b>
Rate for the initial charge	\$4.00
For each succeeding one-fourth mile	\$ .50
Waiting and Traffic Delay Time	\$28/hour
Additional Passengers	\$1.00
Personal Service for Loading Items	\$1.00
Pick-up and Delivery	\$2.00
Snow Emergency Charge in the event a snow emergency is declared by the State for the County.	\$2.50
Service Animal	\$0.00
Toll and Surcharges	As Required

Montgomery County Maryland  
Division of Transit Services/Special Transportation & Taxicab Regulation  
101 Monroe Street 5th Floor  
Rockville, Maryland 20850  
(240) 777-CABS(2227)  
[mcdot.taxioffice@montgomerycountymd.gov](mailto:mcdot.taxioffice@montgomerycountymd.gov)

Effective 2/09

4

For any MCDOT service request or complaint, call 311  
When dialing outside of the county, call 240-777-0311 or submit via their [website](#).

For website comments or to report website problems or broken links, please [email us](#).  
This email address does not handle service requests or complaints.

Transit Services · Montgomery County Department of Transportation  
Questions/Comments · Inside Montgomery County dial 311 · TTY: 301-251-4850  
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**CHAPTER 53. TAXICABS — REGULATIONS / COMCOR 53.00.01 Taxicab Industry Reporting Requirements / 53.00.01.01 Operating Reporting Data**  
**53.00.01.01 Operating Reporting Data**

In order to enhance the amount of quality information available, the Department is requiring the reporting of data that is available by dispatch records and from the computerized taxicab meters. The reports can be obtained without breaking the Maryland Department of Agriculture, Department of Weights and Measures inspection meter seal. The fleets and unaffiliated trade groups will be required to submit the reports annually.

THEREFORE, the required taxicab industry reporting requirements are as follows:

(a) All fleets and unaffiliated trade groups must submit reports on operating information annually for all Passenger Vehicle Licenses. Reports must contain data from July 1 through June 30 of each year. Reports are due no later than August 31 each year and must be submitted on forms designated by the Director.

(b) The following information must be reported to the Department of Transportation:

Number of calls received (fleets and unaffiliated trade groups)

Number of cabs in service daily (fleets and unaffiliated trade groups)

Total paid miles driven

Total number of trips

Total revenue excluding extras

Total revenue from extra charges

(c) Reports for call volume and the number of taxicabs in service daily, must be submitted in summary form for fleets or unaffiliated trade groups. Reports for total paid miles driven, total number of trips, total revenue excluding extras, and total revenue from extra charges must be submitted by Passenger Vehicle License number and in summary form by fleet or unaffiliated trade group.

(d) Fleets and unaffiliated trade groups must maintain records and submit reports for all owned and affiliated taxicabs.

(e) Failure to submit the reports by August 31 each year is grounds for suspension or revocation of the Passenger Vehicle License.

(f) Initial reports

1. In order to transition to the annual report cycle, all fleets and unaffiliated trade groups must submit the number of calls received and the number of cabs in service daily for the prior twelve month period. If figures are not available, an estimate of these numbers must be submitted.

2. Additionally, baseline data on the total paid miles driven, total number of trips, total revenue excluding extras, and total revenue from extra charges must be submitted by Passenger Vehicle License number and in summary form by fleet or unaffiliated trade group. This information should be taken from the meters during the first thirty days the regulation is effective. All transition reports will be used as a baseline comparison for the first year operating reports. Transition reports are due no later than sixty days after the regulation is effective.

(g) Drivers must not use taxicab meters unless there is a passenger in the vehicle. Failure to fulfill this requirement is grounds for suspension or revocation of the Taxi Driver Identification Card.

(h) Licensees not complying with this regulation may not renew Passenger Vehicle Licenses. Failure to submit complete reports sixty days after the end of the year's collection is grounds for suspension or revocation of the License.

(Administrative History: Reg. No. 47-92 (Method 2); Orig. Dept.: Public Works and Transportation)

## How are ridesharing services like Lyft and Uber regulated across the U.S.?

By Barbara Soderlin / World-Herald staff writer | Posted: Sunday, July 6, 2014 1:00 am

Colorado in June became the first state to pass legislation authorizing ridesharing services such as Lyft and Uber, which the state calls “transportation network companies.”

Gov. John Hickenlooper said: “Rules designed to protect consumers should not burden businesses with unnecessary red tape or stifle competition by creating barriers to entry,” the Denver Post reported.

Insurance was the biggest issue of concern in Colorado, as elsewhere, because of the question of which insurer — the driver’s personal carrier or the company’s — should be responsible in case of an accident, and when coverage begins. Personal car insurance policies don’t cover drivers who use their cars for a commercial purpose.

Colorado’s bill requires the companies to carry a minimum of \$1 million of commercial liability insurance covering drivers from the time they accept a ride to the time the passenger exits the vehicle. Starting in January, the company or driver must carry primary insurance with minimum coverage levels while the driver is soliciting fares.

Colorado’s taxi industry objected that Lyft and Uber drivers aren’t required to have the same criminal background checks that taxi drivers face, and state regulators won’t have the same authority to set rates for the ride services.

One taxi owner called it “quasi-deregulation” for transportation in Colorado.

Examples of what has been happening elsewhere:

### California

The state’s Public Utilities Commission in September 2013 created a new category, Transportation Network Companies. These companies are required to obtain a license to operate in the state. Drivers must have criminal background checks, and the companies are required to inspect vehicles, establish a driver training program, have a zero-tolerance policy on drugs and alcohol and hold a commercial liability insurance policy that is in force while the driver is on the way to pick up a rider or is giving a ride.

Both the commission and the Legislature are now working to add a requirement that the companies’ insurance be in force as soon as drivers log on and are available for hire. The commission is also cracking down on drivers who serve airports without obtaining a permit.

### **Arizona**

Arizona governor Jan Brewer in April vetoed legislation regulating ride services, saying it did not go far enough to protect the public. Brewer cited a lack of required drug testing for drivers, and said gaps in insurance coverage would put drivers, passengers and other motorists at risk, Arizona media reported.

The bill would have defined “transportation networks” and outlined requirements for insurance, reporting and driver background checks.

The services continue to operate in Arizona on an unregulated basis.

### **Washington, D.C.**

The D.C. Council is considering a bill to allow Uber and other ride services to operate if they meet insurance requirements and follow safety rules, the Washington Post reported. The D.C. Taxi Cab Commission wants limits on the number of hours a driver can be on the road without being required to obtain a taxi license.

Meanwhile, taxi drivers took to the streets July 25, honking their horns and tying up traffic to protest the services. The Post reported the cabdrivers say the new services have an unfair advantage because they don’t follow the same rules or pay the same fees.

### **Orlando, Florida**

Officials in Orlando cracked down on Uber drivers June 24, three weeks after the service launched. Drivers were given \$210 tickets for not having a city driving permit and a vehicle permit, the Orlando Sentinel reported.

Uber and the city’s mayor, who has concerns about passengers’ safety, are in talks about developing rules to address the app-based ride model.

### **Chicago**

The city council on May 28 approved Mayor Rahm Emanuel’s plan to regulate ride services, requiring a criminal background check, vehicle inspection and driver training. The taxicab industry and a cabdriver union complained that the city’s plan will not prevent surge pricing and does not restrict the number of ride-service drivers, the Chicago Sun-Times said.

The two-tier system allows part-time drivers to avoid rigorous screening, and it allows officials to develop rules for previously banned service to airports. Others are concerned the ordinance will devalue taxi medallions, which are required to drive a taxicab and sell for \$360,000 on the open market.

The Chicago measure requires ride service companies to obtain \$1 million in commercial auto liability coverage, three times what is required of taxis.

### **Illinois**

The state's Senate on May 15 sent to the governor legislation requiring that ride service drivers who work more than 18 hours a week have a chauffeur's license, commercial liability insurance, criminal background checks and vehicle safety inspections, the Sun-Times reported. Insurance Journal said the legislation also requires the companies' primary insurance be in effect the entire time the app is turned on.

Rideshare cars would be required to carry registration plates and stickers and, for frequent drivers, the vehicles could not be more than four years old, a requirement for taxis as well.

Uber said the legislation will "hurt consumers and limit transportation options across the state" and benefit the "taxi monopoly."

### **Maryland**

A Public Service Commission plan to regulate the services as "common carriers" is on hold pending an appeal. An Uber spokeswoman there said the proposed regulations would treat Uber as a taxi service and would put its users, whom she called small-business owners, out of business, the Baltimore Sun reported.

Uber said it is an app and does not provide rides and instead compared its service to airline travel booking site Orbitz.

Uber had supported state legislation, which failed, that would have required background checks for its drivers, rideshare insurance of up to \$1 million and vehicle inspections.

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## GOVERNMENT BLOG

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### RIDESHARING: REGULATORY LANDSCAPE

August 29, 2014

Residents of, and visitors to, many major cities have a plethora of ways to navigate those congested city streets: bus, subway, bike, and much to the chagrin of regulators, insurers, and taxis...ride-sharing. Well-known transportation network companies (TNCs) like Lyft, Wingz, Sidecar, and Uber, that make mobile apps for ridesharing, are creating regulatory headaches for many municipalities.



#### Taxi or Technology?

The threshold regulatory issue is the labeling of TNCs. For instance, TNCs, Uber and Lyft, self-identify as technology companies and not as taxi service companies. TNCs contend that because they do not hire drivers or own any cars, they are not car or taxi service providers. As a result, TNCs reason that they should not be regulated as taxi providers. Conversely, the taxi industry argues that because TNCs deliver commercial transportation services, they should be subject to the same rules that they are.

Currently, this labeling issue is playing out differently across U.S. cities. Some municipalities have established that TNCs' provision of ride-sharing and taxi service place them under the same regulatory constraints as commercial practice; some have exercised flexibility in interpreting existing municipal regulation to accommodate TNCs; and others remain undecided.

#### Municipalities Weigh In.

##### Annapolis

This summer, Annapolis, Maryland ordered Uber to register as a taxi company before resuming ride-sharing services in the city. *The Baltimore Sun* reported that safety concerns played an important part in the city's decision. In the article, Annapolis Mayor Mike Pantelides, stated: "I'm happy to know there is another means of transportation that will help increase our city's mobility efforts, but I must also be diligent in insisting that they are regulated, just like our taxicabs, in an effort to keep our citizens and visitors safe."

##### Denver

Last month, Colorado Governor, John Hickenlooper, signed into Senate Bill 125, which authorizes ride-sharing services into law. This law makes Colorado the first state to legislatively endorse and regulate TNCs as distinct entities.

##### Los Angeles

In 2013, the city's department of transportation sent cease-and-desist letters to Uber, Lyft and Sidecar, which accused the TNCs of operating unlicensed commercial transportation services in Los Angeles. However, the State of California intervened

#### ABOUT THE AUTHOR



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Lauren works a Policy Analyst for the District of Columbia, Department of Healthcare Finance where she authors municipal regulations governing the Medicaid program. Prior to joining District Government, Lauren has worked as a public health educator, a hospital consultant, and a litigation attorney. As a public health educator, she planned, implemented, and evaluated health education programs aimed at physical activity, nutrition, and tobacco cessation. As a consultant and an attorney, Lauren advised her clients on various aspects of liability in matters involving health care fraud and abuse, tax issues, compliance with securities laws, purchase and sale agreements, and insurance coverage defense. She is a graduate of Seton Hall University School of Law and the University of North Carolina at Chapel Hill (GO HEELS). In her free time, Lauren enjoys travelling, watching British crime dramas, and being ignored by her four year old cat, Charlie Murphy.

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and allowed TNCs to remain operational. Currently, the California legislature is considering a bill that would increase the insurance obligations of TNCs. Bill, AB 2293 by Assemblywoman Susan Bonilla (D-Concord) would require TNCs to ensure that its drivers and their personal vehicles have at least \$750,000 in insurance coverage any time the driver uses a ridesharing mobile app to connect with a customer.

*Minneapolis*

The Minneapolis City Council legalized ride-sharing in July. The new ordinance distinguishes TNCs from taxis and creates a process for licensure and insurance. According to *The Washington Times*, the ordinance also creates a two-tiered fee structure for TNCs and taxicabs.

*New York*

New York's attorney general recently filed a lawsuit to prevent Lyft from operating in New York. The suit alleged that the TNC operates as a traditional for-hire livery service using mobile technology, and not a peer-to-peer transportation platform as it claimed, reported *The Associated Press*. The suit further alleged that Lyft operates in "open defiance of state and local licensing and insurance laws".

*New Orleans*

Uber has been preempted from setting up ridesharing shop in New Orleans as well. The Taxicab Bureau banned the Uber app from organizing any rides and issued a cease and desist letter which accused Uber of "illegally advertising for drivers, advertising for riders, and/or facilitating for hire and courtesy transportation in the City of New Orleans" before the TNC has even given its first ride. More recently, the City Council has considered allowing Uber into the New Orleans, but with substantial limits. A newly proposed city ordinance would allow Uber, Lyft, and other TNCs to operate in New Orleans under a minimum pricing structure. The ordinance proposes a minimum \$25 charge for sedan rides, a minimum \$35 charge for SUV rides and a flat \$75 charge for rides to the airport in a sedan or \$90 in a SUV.

**Takeaways for Local Attorneys**

The long-term status of TNCs and ridesharing is in flux across the U.S. Cities across the country are grappling with the myriad of issues such as consumer choice, competition, rider/driver safety, and insurance coverage posed by ride sharing, while the federal government remains silent. Accordingly, local attorneys must stay abreast of their respective city or state's specific regulatory framework for now.

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**LETTER FROM BALTIMORE****Welcome to the Uber Wars**

Maryland is the first state to rule the Silicon Valley startup a transportation company, not an app. Will Uber fight back?

By ANDREW ZALESKI | September 02, 2014

**O**n January 31, 2013, Uber was celebrating in Charm City. This was the formal launch of the smartphone-enabled car service in Baltimore, the company's 24th city, and Uber had reserved the second-floor dining area of City Café, a stylish restaurant in the popular Mount Vernon neighborhood, to host an intimate event, balls of crabmeat and free drinks included. Several Uber employees attended, along with a handful of reporters and a few excitable early adopters—those granted first access to Uber's app so they could link up with a driver and arrive in one of the company's signature black town cars or SUVs. A map projected onto a white screen—what Uber called "God View"—displayed where the company's small but growing fleet of cars was dispersed around the city. The message was clear: Rejoice, fair folk of Baltimore, for your transportation deliverance had come.

"When you look at transportation in Baltimore, there's room for us here," Rachel Holt, then general manager of Uber's Washington, D.C., office, told the *Baltimore Sun*.

But before Uber even hit Baltimore's streets, the company already had enemies out to stop it. Exactly three months before the launch event, Baltimore's largest taxicab company, Yellow Transportation, sent a letter to the Maryland Public Service Commission (PSC), the state agency responsible for regulating taxis and cars working as passenger-for-hire "common carriers," warning it to stop smartphone apps like Uber "before the camel's nose is under the tent." Founded more than 100 years ago and now a hallmark of Baltimore's public transportation system, Yellow Transportation was plainly gunning for the Silicon Valley-based startup—the first shot fired in a legal battle that has lasted almost two years.

And isn't over yet: In August, with a new PSC order, Maryland became the first state in the country to rule that Uber is a common carrier transportation company—not just a technology company allowing passengers to find drivers. That means that if Uber wants to continue operating its UberBLACK and UberSUV services in Maryland (for luxury sedans and SUVs, respectively), it must adhere to the same rules as limo and sedan companies. "Unprecedented," is how Holt, now Uber's East regional general manager, characterized the ruling to me. "They came out with a legal finding that hasn't been substantiated anywhere else in the country." According to Uber spokesman Taylor Bennett, the company has yet to decide whether to appeal the state's ruling by its September 6 deadline. Asked after last month's ruling whether Uber—still available in Baltimore, Baltimore County and Annapolis—would leave Maryland, Bennett said, "I don't have an answer to that."

But that answer could be a sign of how Uber—which is valued at \$18 billion and has grown to 190 cities—fares around the country and the world. Since the company's founding five years ago, local, state and national governments, often backed by the taxi industry, have pushed back against a company they see as disrupting transportation markets and operating outside the government's eye; just last week, a Frankfurt court ruled to ban the company's ridesharing service from Germany altogether (though Uber is appealing the decision and will continue to operate there in the meantime). Not surprisingly, some of the company's biggest opponents are cabbies, who have taken to the streets claiming that Uber drivers get a leg up on business by dodging local regulations, from commercial licenses to background checks.

Uber is suiting up for battle. "We're in a political campaign, and the candidate is Uber and the opponent is an asshole named taxi," the company's CEO, Travis Kalanick, said at a tech conference in May. Kalanick's comments foreshadowed the recent hiring of Barack Obama's campaign guru, David Plouffe, to help the company "change the point of view of established politicians ... who want to protect the status quo," as Plouffe told Politico.

Which means what happens next in Maryland—where so far the regulators are winning—will be a test of how hard Uber’s new campaign-like operation can fight back across the country.

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**What does the new war** on Uber look like? Retracing the interpretations of Maryland laws that brought the state’s Public Service Commission to its final ruling might sound unappetizing, but proponents of Uber, especially the more than 10,300 people who signed a “Save Uber Maryland” online petition in March, might be asking how this happened and what’s at stake.

In Maryland, instead of taxi drivers protesting in the streets, opposition has come from the topmost levels of the state’s cab industry, which from the beginning has cast Uber’s drivers as outlaws. In its October 2012 letter to the PSC, Yellow Transportation, which runs three cab associations in Baltimore, argued that ridesharing companies “are not necessarily complying with the laws and regulations governing legally operating transportation companies.” Specifically, the letter warned that vehicles dispatched by such companies could get away with being uninsured, that their drivers might not pass criminal background checks and that the rates they charge would not have to be filed and approved by the PSC, a requirement of all for-hire transportation companies in Maryland. The letter—which didn’t mention Uber by name but enclosed a copy of a news article about the company’s expansion into Baltimore—concluded with a call to action: Order ridesharing companies in Baltimore and Baltimore County to cease operating.

The month after Uber launched last year in Maryland, the PSC—a quasi-judicial, utilities and transportation agency headed by five governor-appointed commissioners—began an inquiry into the company’s operations, concluding several months later that Uber is a common carrier “engaged in the public transportation of individuals for hire ... subject to the authority of the Public Service Commission” and in need of a motor carrier permit for the company to operate legally in the state—in other words, a transportation company, not just an app. By May’s end, Case 9325 was docketed for Maryland’s Public Utility Law Judge Division, which primarily hears matters relating to taxicab permits, setting off a fight that would involve two state agencies and yield a convoluted abundance of letter-orders, hearing briefs, stipulations of fact and appeals—104 documents in all.

That fight boiled down to Uber vs. the taxis. In Maryland, both taxis and for-hire carriers (which offer pre-arranged and pre-paid rides) follow a long list of regulations stipulating the rates they must charge, the insurance they must have, the types of vehicles they are

authorized to drive, the licenses their drivers must carry and so on. When it launched in Maryland last year, Uber was subject to virtually none of those regulations. Its drivers, Holt says, instead “run and operate their own businesses” and merely “partner” with Uber through its app. What’s more, Uber insists its drivers for UberBLACK and UberSUV are already individually licensed as common carriers by the PSC and therefore are legally allowed to pick up and drop off passengers according to state law.

Still, Uber has refused to release a list of its drivers to the PSC for verification that they are licensed, and in return, the PSC subpoenaed Uber last summer for a list of its drivers, a matter that remains unresolved in Maryland’s Court of Special Appeals. And even if Uber’s individual drivers are licensed by the PSC, Maryland law also requires common carrier transportation companies—not just their drivers—to hold permits, which Uber does not.

As such, the company is “operating in a regulated environment without regulations,” alleges Dwight Kines, the vice president for the Mid-Atlantic region of Transdev, the North American transportation conglomerate that owns Yellow Transportation. “Uber will tell you that all of their partners on the UberBLACK side are licensed and registered as common carriers,” he says. “I know plenty of guys who have left [Yellow Transportation]—that we got rid of—who had PSC issues and are now UberBLACK drivers.” (Holt says this is nothing but an allegation: “The taxi industry is going to spit out those kinds of things.”)

Concerns for public safety are ultimately why Yellow Transportation—and the PSC—wants Uber to register as a common carrier, according to Kines. Yellow Transportation’s drivers, he says, have undergone comprehensive background checks, drive regularly maintained cars that are commercially insured and can’t hide if they run afoul of PSC regulations. Uber cries foul over alleged safety concerns, calling them a smokescreen for the taxi industry’s efforts to stamp out the service in cities where it operates. Uber’s website explains the screening process for Uber drivers, which include checking would-be drivers against county and federal courthouse records, a multi-state criminal database and the national sex offender registry, as well as conducting a driving record check. But if the company also had a PSC-issued common-carrier permit, Kines says, any time a driver with a suspended license or lapsed insurance tried to partner with Uber, it would be notified directly by the PSC, the same way Yellow Transportation is notified of any of its drivers’ misbehavior.

Yellow Transportation’s concerns about safety seem genuine, but Maryland’s taxicab industry also has a history of making sure business competitors follow the same rules as it does. In 1997, the Maryland General Assembly passed a bill making the administrative review process for taxicab drivers—including fingerprinting, criminal record background checks, driving record checks and commercial insurance requirements—applicable to for-

hire drivers operating limo and sedan services. The bill also mandated that for-hire drivers receive authorization from the PSC, in the form of a special for-hire license, to be able to operate legally in Maryland. A summary PSC document notes the taxi industry's role in pushing the law: "The regulated taxicab industry has complained to the Commission that drivers for such carriers are not regulated by the Commission ... and pose a greater risk to the public than taxicab drivers who are regulated."

There is also, clearly, an economic imperative for Yellow Transportation, whose power in Maryland has grown measurably since the 1970s, when Transdev CEO Mark Joseph started his career there. Today, Yellow Transportation (formerly known as Yellow Cab) is the largest taxicab operator in Maryland, Virginia and Washington, D.C., and its taxi associations now own roughly 550 of the 1,150 permits distributed by the PSC in Baltimore. Transdev, which operates 200 transit contracts in cities across the United States and Canada, reported \$1.6 billion in revenue in 2012, the same year that Joseph was honored as Taxicab Large Fleet Operator of the Year by the Taxicab, Limousine, and Paratransit Association, a trade group representing more than 1,000 public transit companies around the globe. The Rockville, Maryland-based organization also happens to be the originator of the "Who's Driving You?" campaign, whose website aggregates news articles, fact sheets and testimonials seeking to discredit ridesharing companies including Uber, Lyft and Sidecar.

Sure enough, on top of Yellow Transportation's letter to the PSC before Uber's arrival, a coalition of more than 30 Maryland cab companies, a majority of which Yellow Transportation owns, filed a lawsuit in July against Uber in Baltimore City Circuit Court, alleging that Uber engages in price-fixing and evades Maryland's transportation regulations. "It's hard to quantify the monetary damages [we're seeking]," Kines says. "We're trying to get them to stop what they're doing, obviously." Uber spokesman Bennett vowed the company would "vigorously defend the rights of riders to enjoy competition and choice, and drivers to build their own small businesses."

"Skimming the cream" is the way Kines describes what Uber does to taxi competitors. With Uber around, cab drivers don't get the "high-end trips" from people willing to pay more for a private black Uber car, which means Baltimore's cab drivers—who pay around \$5,000 a year to join a taxi association but only make between \$18,000 and \$23,000—"are feeling the squeeze on their income." Data corroborating taxi companies' assertion that Uber siphons away drivers' wages are hard to come by, but Veena Dubal, a post-doctoral fellow at Stanford University, has studied the effects of ridesharing companies on taxi drivers' wages in San Francisco. After informally surveying about 45 taxi drivers in 2012, two years after Uber first started operating in San Francisco, she found the cabbies' wages were unaffected. But now Dubal is hearing otherwise. "The same drivers tell me that they're

making 50 percent less," she says. "What once was a profession that people could earn a living off of ... that reality is completely gone."

Despite the public comments of Uber CEO Kalanick, spokesman Bennett says the company is "absolutely not trying to replace the taxi industry [and] take away those jobs" but instead is providing more options in Maryland's public transportation market. (Uber doesn't appear to want competition either, it should be noted, given reports by the *Verge* that "brand ambassadors" for the company are trying to recruit drivers away from competitor Lyft, in addition to hiring and then abruptly canceling Lyft rides. Uber maintains that its "marketing tactics" don't involve intentionally canceling rides with competitors.)

"The taxi industry has systematically been in the business of trying to maintain a monopoly and limit competition," Holt says, adding that the PSC's new ruling "is completely disempowering drivers. It's literally like saying to Orbitz: Go buy an airplane. You can't own your own motor carrier business and work for someone else."

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**The final act in the PSC's** look into Uber began in April of this year, when the presiding judge in Case 9325 issued a proposed ruling that PSC commissioners would affirm unanimously in August, after a failed appeal by Uber: Because 20 percent of an Uber passenger's fare goes to Uber itself, the company does receive pay for passenger-for-hire services; because Uber provides drivers with an iPhone loaded with the Uber app and sends requests to drivers to accept or decline rides, it exercises enough influence over drivers to be considered the "owner" of each car, even though it doesn't hold the titles to the vehicles; because Uber hasn't released a list of its UberBLACK and UberSUV drivers to the PSC, the commission has no way of knowing whether the company is using PSC-licensed drivers; and because Uber can change its rates at will through its surge-pricing policy during peak hours, it escapes PSC protocol that requires for-hire drivers to file their rates, which cannot be changed without 30 days' notice.

"I find that Uber is a common carrier ... offering passenger-for-hire services, and is therefore a public service company, subject to the jurisdiction of the commission," wrote the chief judge on the case. (The PSC commissioners weren't available for interviews; according to PSC communications director Regina Davis, commissioners "do not discuss matters that are pending before the agency or recent rulings.")

In other words, if Uber doesn't change its ways to adhere to the PSC ruling, it can't operate in Maryland anymore. "It would be impossible to operate under the current model that we have," Bennett says, explaining that being a transportation provider rather than a

technology company would mean Uber would have to own a fleet of cars and hire the drivers as employees.

“The law is on the books,” says Paula Carmody, head of the Office of People’s Counsel, an independent state agency that represents the public’s interest. “And the law can’t be ignored just because this is an \$18 billion company coming out of Silicon Valley.”

What happens next in Maryland is something of a puzzle. The Office of People’s Counsel has already asked the PSC to investigate Lyft and uberX, the ridesharing program whereby any driver with a car and Uber’s blessing can ferry people for payment. (UberX wasn’t considered in the original case because it didn’t launch in Baltimore until after the PSC investigation into Uber began.) Meanwhile, with the deadline for an appeal of the PSC’s order approaching in the coming days, Uber has only doubled down: At the end of August, it announced the Baltimore launch of uberXL, the company’s ridesharing equivalent of UberSUV, meaning that for a minimum fare of \$7, everyday drivers can now shuttle groups of six or more through the Uber app.

But the possibility of Uber’s exit from the state has some lawmakers worried Maryland is driving innovation away. “Companies take notice of these types of skirmishes in the regulatory realm, and we would be sending a terrible, terrible message nationwide about Maryland’s willingness to embrace new ideas,” State Sen. Bill Ferguson, a 31-year-old Democrat who represents southwest Baltimore, said in an interview.

His argument: Ridesharing companies like Uber force taxicab companies to keep prices lower for riders and to upgrade their services. In July, for instance, the PSC rejected an 18 percent cab fare increase in Baltimore after taxi companies, Yellow Transportation included, dropped their support for the hike because “illegal transportation apps” were squeezing cabbies’ revenue, as Kines told the *Baltimore Sun*. The PSC also ordered taxis in Baltimore and Baltimore County to install electronic, backseat meters that take credit cards (like Uber’s app does now) by the end of 2014.

There are signs the state might eventually make room for Uber’s business innovation. In April, a bill to put Uber and other ridesharing companies in their own class—“transportation network services”—that would be exempt from PSC regulation failed in the state legislature. But the PSC is currently drafting new proposed regulations for non-taxicab, for-hire services—ones that would take into account how ridesharing companies operate, with apps and smartphones, and provide ways for companies like Uber to report to the PSC about rates, insurance, vehicle safety and driver qualifications. It’s still unclear how exactly these proposed regulations would differ from existing Maryland law. But the commission says

they will include input from Uber, and Holt says the company is “hoping to work with the PSC in educating them in the process and explaining to them what’s worked elsewhere.”

And if Uber succeeds in pulling Maryland and other resistant states and cities over to its side? It might consider thanking the taxi industry. In the 1970s and 1980s, when cab companies across the United States began converting their workers from full-time employees with salaries and benefits to independent contractors who were paid out of their fares, they created a blueprint for how to maximize profits: Flood the streets with drivers. Give anyone the tools to be their own micro-entrepreneurs. Glorify the art of the hustle. Take the company’s cut. Protect your piece of the industry. And when the competition gets in the way, be prepared to wage war.

***Correction (Sept. 3, 2014):*** An earlier version of this article mischaracterized Maryland State Sen. Bill Ferguson's district. He represents southeast, not southwest, Baltimore.

*Andrew Zaleski is a journalist in Philadelphia.*

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# Annapolis to Uber: Register as a taxi company

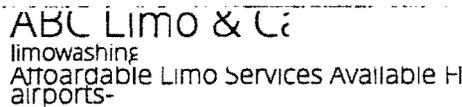
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July 14, 2014 | By Pamela Wood, The Baltimore Sun

The city of Annapolis has ordered Uber, the company behind a popular ride-sharing application, to stop its service in the capital until it registers as a taxi company.

Mayor Mike Pantelides said Monday it's important for Uber to follow the same regulations as the taxicabs that operate in Annapolis.



"I'm happy to know there is another means of transportation that will help increase our city's mobility efforts, but I must also be diligent in insisting that they are regulated, just like our taxicabs, in an effort to keep our citizens and visitors safe," Pantelides said in a statement.

Acting City Manager Brian Woodward sent a letter to Uber on June 25 instructing the company to register with the city and state or cease its operations in Annapolis.

On Monday, Uber officials repeated an earlier argument that it is not a taxi company but rather a technology company that connects riders to drivers through its smartphone application. The Uber app makes the matches and handles the payments.

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In a statement, Uber spokesman Taylor Bennett said: "Uber isn't a taxi company any more than Maryland blue crab is a pelican — Uber is a technology platform that connects consumers to an array of on-demand options from rides to helicopters to ice cream to kittens."

Bennett said Uber would work with Annapolis, though city officials said they have not received a response from the company.

Uber has opposed a proposal from the Maryland Public Service Commission to regulate its ride-sharing service. The company has threatened to leave the state if the regulations go through. The commission plans to classify Uber and other ride-sharing companies as "common carriers" that would be subject to the same regulations as taxi companies.

This month, more than 30 Maryland cab companies sued Uber, alleging antitrust violations and seeking financial damages. The cab companies alleged Uber's surge-pricing model is essentially price-fixing, and its refusal to follow cab regulations creates an unfair playing field. Uber said it would "vigorously defend the rights of riders to enjoy competition and choice, and drivers to build their own small businesses."

Annapolis defines taxis as vehicles for hire that carry seven or fewer passengers, including the driver, and that solicit passengers in the city. Annapolis has 12 cab companies and 26 independent owners, totaling about 200 drivers.

Robert Eades, owner of Neat N Klean taxi company in Annapolis, said the city already is saturated with cabs and there's not enough business to support Uber. He bristled at the fact that Uber drivers don't have to follow the same regulations as cab drivers.

"They're coming in, setting their own rules, that's what irks me the most," Eades said.

Annapolis regulations include rules for the cabs' fare meters, color schemes, safety equipment, lights and cleanliness. Cabs are required to undergo annual inspections by the city and can be subject to unannounced inspections by police. Drivers are subjected to drug tests. Rates are set by the Annapolis City Council.

Founded in 2009, Uber says the app is now available in more than 70 cities. Uber began offer its service in Baltimore more than a year ago and expanded into Annapolis in late May. Bennett said Uber has thousands of riders and hundreds of drivers who have completed thousands of trips in Annapolis.

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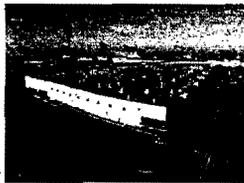
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By: **Delegate Barnes**

Introduced and read first time: February 7, 2014

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1 AN ACT concerning

2 **Public Utilities – Transportation Network Services – Establishment**

3 FOR the purpose of authorizing the establishment of transportation network services  
4 in the State; authorizing an individual to submit an application for registration  
5 as a transportation network operator; requiring a transportation network  
6 application company to approve or deny a certain application within a certain  
7 period of time; requiring a transportation network application company to  
8 conduct, or have a third party conduct, a certain criminal history records check  
9 using a certain database and obtain and review a driving record check for each  
10 applicant before approving an application for the applicant; prohibiting a  
11 transportation network application company from approving an application for  
12 an applicant who has been convicted of certain crimes; requiring a  
13 transportation network operator to meet certain qualifications; requiring a  
14 transportation network application company to create an application process for  
15 individuals to apply for registration as a transportation network operator;  
16 requiring a transportation network application company to maintain certain  
17 records and a certain registry of transportation network operators; requiring a  
18 transportation network application company to submit certain information to  
19 the Public Service Commission; requiring a transportation network application  
20 company to conduct, or have a third party conduct, a safety inspection of a  
21 motor vehicle that will be used to provide transportation network services  
22 before the motor vehicle is used to provide transportation network services;  
23 requiring a transportation network application company to provide certain  
24 information on the transportation network application company's Web site;  
25 authorizing a transportation network application company or a transportation  
26 network operator to provide transportation network services at no cost, for a  
27 suggested donation, or for a certain fare; requiring a transportation network  
28 application company to disclose certain fare information to a passenger before  
29 the passenger arranges a trip with a transportation network application  
30 company or a transportation network operator; requiring a transportation  
31 network application company to transmit a certain electronic receipt to a

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 passenger on completion of providing transportation network services; requiring  
 2 a transportation network application company to implement a certain policy on  
 3 the use of drugs or alcohol while an individual is arranging or providing  
 4 transportation network services; requiring a transportation network application  
 5 company to maintain certain insurance coverage; requiring a transportation  
 6 network operator to provide certain insurance information if a certain accident  
 7 occurs; specifying that a transportation network application company and a  
 8 transportation network operator are not common carriers; exempting a person  
 9 that provides transportation network services from certain provisions of law  
 10 relating to rate regulation; exempting a motor vehicle used to provide  
 11 transportation network services from certain provisions of law relating to  
 12 for-hire driving services; specifying that certain provisions of law relating to  
 13 for-hire driving services do not apply to a transportation network application  
 14 company or a transportation network operator; defining certain terms; and  
 15 generally relating to transportation network services.

16 BY repealing and reenacting, without amendments,  
 17 Article – Public Utilities  
 18 Section 1–101(a)  
 19 Annotated Code of Maryland  
 20 (2010 Replacement Volume and 2013 Supplement)

21 BY repealing and reenacting, with amendments,  
 22 Article – Public Utilities  
 23 Section 1–101(e), (pp), (qq), and (rr), 4–101, and 10–102(b)  
 24 Annotated Code of Maryland  
 25 (2010 Replacement Volume and 2013 Supplement)

26 BY adding to  
 27 Article – Public Utilities  
 28 Section 1–101(pp), (qq), and (rr) and 4–101.1; and 10.5–101 through 10.5–107 to  
 29 be under the new title “Title 10.5. Transportation Network Services”  
 30 Annotated Code of Maryland  
 31 (2010 Replacement Volume and 2013 Supplement)

32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 33 MARYLAND, That the Laws of Maryland read as follows:

34 **Article – Public Utilities**

35 1–101.

36 (a) In this division the following words have the meanings indicated.

37 (e) (1) “Common carrier” means a person, public authority, or federal,  
 38 State, district, or municipal transportation unit that is engaged in the public  
 39 transportation of persons for hire, by land, water, air, or any combination of them.

- 1           (2) "Common carrier" includes:
- 2                   (i) an airline company;
- 3                   (ii) a car company, motor vehicle company, automobile company,  
4 or motor bus company;
- 5                   (iii) a power boat company, vessel-boat company, steamboat  
6 company, or ferry company;
- 7                   (iv) a railroad company, street railroad company, or sleeping car  
8 company;
- 9                   (v) a taxicab company;
- 10                  (vi) a toll bridge company; and
- 11                  (vii) a transit company.

- 12           (3) "Common carrier" does not include:
- 13                   (i) a county revenue authority;
- 14                   (ii) a toll bridge or other facility owned and operated by a county  
15 revenue authority;
- 16                   (iii) a vanpool or launch service; [or]
- 17                   (iv) a for-hire water carrier, as defined in § 8-744 of the Natural  
18 Resources Article;
- 19                   (v) **A TRANSPORTATION NETWORK APPLICATION COMPANY;**  
20 **OR**
- 21                   (vi) **A TRANSPORTATION NETWORK OPERATOR.**

22           **(PP) "TRANSPORTATION NETWORK APPLICATION COMPANY" HAS THE**  
23 **MEANING STATED IN § 10.5-101 OF THIS ARTICLE.**

24           **(QQ) "TRANSPORTATION NETWORK OPERATOR" HAS THE MEANING**  
25 **STATED IN § 10.5-101 OF THIS ARTICLE.**

26           **(RR) "TRANSPORTATION NETWORK SERVICES" HAS THE MEANING**  
27 **STATED IN § 10.5-101 OF THIS ARTICLE.**

1            [(pp)] (SS) (1) "Transportation of persons for hire" means the  
2 transportation of persons by:

- 3                            (i) regularly scheduled operations;
- 4                            (ii) charter or contract operations; or
- 5                            (iii) tour or sightseeing operations.

6                            (2) "Transportation of persons for hire" includes the transportation of  
7 persons, whether on the cooperative plan, carried by a corporation, group, or  
8 association engaged in the transportation of its stockholders, shareholders, or  
9 members.

10            [(qq)] (TT) "Water company" means a public service company that owns a  
11 water plant and sells or distributes water for gain.

12            [(rr)] (UU) "Water plant" means the material, equipment, and property owned  
13 by a water company and used or to be used for or in connection with water service.

14 4-101.

15            (A) In this title[,] THE FOLLOWING WORDS HAVE THE MEANINGS  
16 INDICATED.

17            (B) ["just] "JUST and reasonable rate" means a rate that:

- 18                            (1) does not violate any provision of this article;
- 19                            (2) fully considers and is consistent with the public good; and

20                            (3) except for rates of a common carrier, will result in an operating  
21 income to the public service company that yields, after reasonable deduction for  
22 depreciation and other necessary and proper expenses and reserves, a reasonable  
23 return on the fair value of the public service company's property used and useful in  
24 providing service to the public.

25            (C) "TRANSPORTATION NETWORK SERVICES" HAS THE MEANING  
26 STATED IN § 10.5-101 OF THIS ARTICLE.

27 4-101.1.

28            THIS TITLE DOES NOT APPLY TO A PERSON THAT PROVIDES  
29 TRANSPORTATION NETWORK SERVICES.

30 10-102.

1 (b) (1) This title applies to any motor vehicle used in the transportation of  
2 persons in exchange for remuneration except:

3 [(1)] (I) motor vehicles designed to transport more than 15 persons;  
4 [and]

5 [(2)] (II) transportation solely provided by or on behalf of a unit of  
6 federal, State, or local government, or a not-for-profit organization as identified in §  
7 501(c)(3) and (4) of the Internal Revenue Code, that requires a criminal history records  
8 check and driving record check for its drivers, for clients of services including:

9 [(i)] 1. aging support;

10 [(ii)] 2. developmental and other disabilities;

11 [(iii)] 3. kidney dialysis;

12 [(iv)] 4. Medical Assistance Program;

13 [(v)] 5. Head Start;

14 [(vi)] 6. Welfare-to-Work;

15 [(vii)] 7. mental health; and

16 [(viii)] 8. job training; AND

17 (III) A MOTOR VEHICLE THAT IS USED BY A  
18 TRANSPORTATION NETWORK OPERATOR TO PROVIDE TRANSPORTATION  
19 NETWORK SERVICES UNDER TITLE 10.5 OF THIS ARTICLE.

20 (2) THIS TITLE DOES NOT APPLY TO A TRANSPORTATION  
21 NETWORK APPLICATION COMPANY OR A TRANSPORTATION NETWORK  
22 OPERATOR.

23 TITLE 10.5. TRANSPORTATION NETWORK SERVICES.

24 10.5-101.

25 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
26 INDICATED.

1           **(B) "TRANSPORTATION NETWORK APPLICATION COMPANY" MEANS A**  
2 **PERSON THAT USES A DIGITAL NETWORK OR SOFTWARE APPLICATION TO**  
3 **CONNECT A PASSENGER TO TRANSPORTATION NETWORK SERVICES.**

4           **(C) "TRANSPORTATION NETWORK OPERATOR" MEANS AN INDIVIDUAL**  
5 **WHO OWNS OR OPERATES A MOTOR VEHICLE THAT IS:**

6                   **(1) THE INDIVIDUAL'S PERSONAL MOTOR VEHICLE;**

7                   **(2) NOT REGISTERED AS A MOTOR CARRIER UNDER § 13-423 OF**  
8 **THE TRANSPORTATION ARTICLE; AND**

9                   **(3) USED TO PROVIDE TRANSPORTATION NETWORK SERVICES.**

10           **(D) "TRANSPORTATION NETWORK SERVICES" MEANS TRANSPORTATION**  
11 **OF A PASSENGER:**

12                   **(1) BETWEEN POINTS CHOSEN BY THE PASSENGER; AND**

13                   **(2) THAT IS PREARRANGED BY A TRANSPORTATION NETWORK**  
14 **APPLICATION COMPANY.**

15 **10.5-102.**

16           **(A) AN INDIVIDUAL MAY SUBMIT AN APPLICATION TO THE**  
17 **TRANSPORTATION NETWORK APPLICATION COMPANY FOR REGISTRATION AS A**  
18 **TRANSPORTATION NETWORK OPERATOR.**

19           **(B) A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL**  
20 **APPROVE OR DENY AN APPLICATION SUBMITTED UNDER SUBSECTION (A) OF**  
21 **THIS SECTION WITHIN 60 DAYS AFTER THE APPLICATION HAS BEEN SUBMITTED.**

22           **(C) BEFORE APPROVING AN APPLICATION SUBMITTED UNDER**  
23 **SUBSECTION (A) OF THIS SECTION, A TRANSPORTATION NETWORK APPLICATION**  
24 **COMPANY SHALL:**

25                   **(1) CONDUCT, OR HAVE A THIRD PARTY CONDUCT, A LOCAL AND**  
26 **NATIONAL CRIMINAL HISTORY RECORDS CHECK FOR EACH APPLICANT USING**  
27 **THE FOLLOWING DATABASES:**

28                           **(i) THE FEDERAL BUREAU OF INVESTIGATION'S NATIONAL**  
29 **INSTANT CRIMINAL BACKGROUND CHECK SYSTEM, OR OTHER SIMILAR**

1 COMMERCIAL NATIONWIDE DATABASE THAT USES A PRIMARY SOURCE SEARCH;  
2 AND

3 (II) A NATIONAL SEX OFFENDER PUBLIC REGISTRY  
4 DATABASE; AND

5 (2) OBTAIN AND REVIEW A DRIVING RECORD CHECK FOR EACH  
6 APPLICANT.

7 (D) A TRANSPORTATION NETWORK APPLICATION COMPANY MAY NOT  
8 APPROVE AN APPLICATION SUBMITTED UNDER SUBSECTION (A) OF THIS  
9 SECTION FOR AN APPLICANT WHO:

10 (1) AS SHOWN IN THE CRIMINAL HISTORY RECORDS CHECK  
11 REQUIRED UNDER SUBSECTION (C)(1) OF THIS SECTION, HAS BEEN CONVICTED  
12 WITHIN THE PAST 7 YEARS OF:

13 (I) A CRIME OF VIOLENCE UNDER § 14-101 OF THE  
14 CRIMINAL LAW ARTICLE;

15 (II) SEXUAL ABUSE UNDER TITLE 3, SUBTITLE 3 OF THE  
16 CRIMINAL LAW ARTICLE;

17 (III) ROBBERY UNDER TITLE 4, SUBTITLE 3 OF THE  
18 CRIMINAL LAW ARTICLE; OR

19 (IV) FRAUD THAT IS PUNISHABLE AS A FELONY UNDER  
20 TITLE 8 OF THE CRIMINAL LAW ARTICLE;

21 (2) AS SHOWN IN THE DRIVING RECORD CHECK REQUIRED UNDER  
22 SUBSECTION (C)(2) OF THIS SECTION, HAS BEEN CONVICTED WITHIN THE PAST  
23 7 YEARS OF:

24 (I) RECKLESS DRIVING UNDER § 21-901.1 OF THE  
25 TRANSPORTATION ARTICLE;

26 (II) DRIVING UNDER THE INFLUENCE OF DRUGS OR  
27 ALCOHOL UNDER § 21-902 OF THE TRANSPORTATION ARTICLE;

28 (III) FAILURE TO REMAIN AT THE SCENE OF AN ACCIDENT  
29 UNDER TITLE 20 OF THE TRANSPORTATION ARTICLE; OR

1 (IV) FLEEING OR ELUDING THE POLICE UNDER § 21-904 OF  
2 THE TRANSPORTATION ARTICLE; OR

3 (3) AS SHOWN IN THE DRIVING RECORD CHECK REQUIRED UNDER  
4 SUBSECTION (C)(2) OF THIS SECTION, HAS BEEN CONVICTED WITHIN THE PAST  
5 3 YEARS OF DRIVING WITH A SUSPENDED OR REVOKED LICENSE UNDER §  
6 16-303 OF THE TRANSPORTATION ARTICLE.

7 10.5-103.

8 A TRANSPORTATION NETWORK OPERATOR SHALL:

9 (1) POSSESS:

10 (I) A VALID DRIVER'S LICENSE;

11 (II) PROOF OF REGISTRATION FOR THE MOTOR VEHICLE  
12 THAT IS USED FOR TRANSPORTATION NETWORK SERVICES; AND

13 (III) PROOF OF INSURANCE FOR THE MOTOR VEHICLE THAT  
14 IS USED FOR TRANSPORTATION NETWORK SERVICES; AND

15 (2) BE AT LEAST 21 YEARS OLD.

16 10.5-104.

17 (A) A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL:

18 (1) CREATE AN APPLICATION PROCESS FOR INDIVIDUALS TO  
19 APPLY FOR REGISTRATION AS A TRANSPORTATION NETWORK OPERATOR UNDER  
20 § 10.5-102 OF THIS TITLE;

21 (2) MAINTAIN A CURRENT REGISTRY OF THE TRANSPORTATION  
22 NETWORK APPLICATION COMPANY'S TRANSPORTATION NETWORK OPERATORS;

23 (3) SUBMIT PROOF TO THE COMMISSION THAT THE COMPANY:

24 (I) IS LICENSED TO DO BUSINESS IN THE STATE; AND

25 (II) MAINTAINS A WEB SITE THAT PROVIDES THE  
26 TRANSPORTATION NETWORK APPLICATION COMPANY'S CUSTOMER SERVICE  
27 TELEPHONE NUMBER OR ELECTRONIC MAIL ADDRESS;

1           (4) CONDUCT, OR HAVE A THIRD PARTY CONDUCT, A SAFETY  
2 INSPECTION OF THE MOTOR VEHICLE THAT A TRANSPORTATION NETWORK  
3 OPERATOR WILL USE BEFORE THE MOTOR VEHICLE MAY BE USED TO PROVIDE  
4 TRANSPORTATION NETWORK SERVICES;

5           (5) PROVIDE THE FOLLOWING INFORMATION ON ITS WEB SITE:

6                   (I) THE TRANSPORTATION NETWORK APPLICATION  
7 COMPANY'S CUSTOMER SERVICE TELEPHONE NUMBER OR ELECTRONIC MAIL  
8 ADDRESS;

9                   (II) THE TRANSPORTATION NETWORK APPLICATION  
10 COMPANY'S ZERO TOLERANCE POLICY ESTABLISHED UNDER § 10.5-106 OF THIS  
11 TITLE;

12                   (III) THE PROCEDURE FOR REPORTING A COMPLAINT ABOUT  
13 AN INDIVIDUAL WHO A PASSENGER REASONABLY SUSPECTS VIOLATED THE  
14 TRANSPORTATION NETWORK APPLICATION COMPANY'S ZERO TOLERANCE  
15 POLICY; AND

16                   (IV) A COMPLAINT TELEPHONE NUMBER AND ELECTRONIC  
17 MAIL ADDRESS FOR THE COMMISSION; AND

18           (6) MAINTAIN RECORDS FOR:

19                   (I) EACH APPLICATION SUBMITTED UNDER § 10.5-102 OF  
20 THIS TITLE;

21                   (II) INFORMATION COLLECTED THROUGH A CRIMINAL  
22 HISTORY RECORDS CHECK AND A REVIEW OF EACH APPLICANT'S DRIVING  
23 HISTORY UNDER § 10.5-102(C) OF THIS TITLE;

24                   (III) THE INFORMATION REQUIRED FOR EACH  
25 TRANSPORTATION NETWORK OPERATOR UNDER § 10.5-103 OF THIS TITLE;

26                   (IV) THE REGISTRY REQUIRED UNDER SUBSECTION (A)(2)  
27 OF THIS SECTION;

28                   (V) THE SAFETY INSPECTION REQUIRED UNDER  
29 SUBSECTION (A)(3) OF THIS SECTION;

30                   (VI) EACH TRANSPORTATION NETWORK SERVICE ARRANGED  
31 BY THE TRANSPORTATION NETWORK COMPANY, INCLUDING COPIES OF

1 RECEIPTS THAT ARE TRANSMITTED TO A PASSENGER UNDER § 10.5-105(C) OF  
2 THIS TITLE;

3 (VII) EACH COMPLAINT FILED FOR AN ALLEGED VIOLATION  
4 OF THE TRANSPORTATION NETWORK COMPANY'S ZERO TOLERANCE POLICY  
5 UNDER § 10.5-106(A)(2) OF THIS TITLE;

6 (VIII) EACH INVESTIGATION BEGUN UNDER § 10.5-106(A)(3)  
7 OF THIS TITLE;

8 (IX) THE TRANSPORTATION NETWORK APPLICATION  
9 COMPANY'S INSURANCE POLICY REQUIRED UNDER § 10.5-107(A) OF THIS TITLE;  
10 AND

11 (X) EACH ACCIDENT THAT INVOLVES A MOTOR VEHICLE  
12 THAT IS USED FOR TRANSPORTATION NETWORK SERVICES PROVIDED BY THE  
13 TRANSPORTATION NETWORK APPLICATION COMPANY.

14 10.5-105.

15 (A) TITLE 4 OF THIS ARTICLE DOES NOT APPLY TO A PERSON THAT  
16 PROVIDES TRANSPORTATION NETWORK SERVICES.

17 (B) (1) A TRANSPORTATION NETWORK APPLICATION COMPANY OR A  
18 TRANSPORTATION NETWORK OPERATOR MAY:

19 (I) OFFER TRANSPORTATION NETWORK SERVICES AT NO  
20 COST;

21 (II) SUGGEST A DONATION FOR TRANSPORTATION  
22 NETWORK SERVICES PROVIDED; OR

23 (III) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,  
24 CHARGE A FARE FOR TRANSPORTATION NETWORK SERVICES PROVIDED.

25 (2) IF A FARE IS CHARGED UNDER PARAGRAPH (1)(III) OF THIS  
26 SUBSECTION, A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL  
27 DISCLOSE THE FOLLOWING INFORMATION TO A PASSENGER BEFORE THE  
28 PASSENGER ARRANGES A TRIP WITH A TRANSPORTATION NETWORK  
29 APPLICATION COMPANY OR A TRANSPORTATION NETWORK OPERATOR:

30 (I) THE METHOD FOR CALCULATING THE FARE;

1 (II) THE APPLICABLE RATE BEING CHARGED; AND

2 (III) AN ESTIMATED FARE FOR THE TRANSPORTATION  
3 NETWORK SERVICES THAT WILL BE PROVIDED.

4 (C) THE TRANSPORTATION NETWORK APPLICATION COMPANY, ON  
5 COMPLETION OF TRANSPORTATION NETWORK SERVICES PROVIDED, SHALL  
6 TRANSMIT AN ELECTRONIC RECEIPT TO THE PASSENGER'S ELECTRONIC MAIL  
7 ADDRESS OR MOBILE APPLICATION DOCUMENTING:

8 (1) THE ORIGIN AND DESTINATION OF THE TRIP;

9 (2) THE TOTAL TIME AND DISTANCE OF THE TRIP; AND

10 (3) A BREAKDOWN OF THE TOTAL FARE PAID, IF ANY.

11 10.5-106.

12 (A) A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL:

13 (1) IMPLEMENT A ZERO TOLERANCE POLICY ON THE USE OF  
14 DRUGS OR ALCOHOL WHILE AN INDIVIDUAL IS ARRANGING OR PROVIDING  
15 TRANSPORTATION NETWORK SERVICES;

16 (2) IMMEDIATELY SUSPEND AN INDIVIDUAL WHO IS ARRANGING  
17 OR PROVIDING TRANSPORTATION NETWORK SERVICES ON RECEIPT OF A  
18 PASSENGER COMPLAINT ALLEGING THAT THE INDIVIDUAL VIOLATED THE ZERO  
19 TOLERANCE POLICY; AND

20 (3) CONDUCT AN INVESTIGATION FOR THE ALLEGED VIOLATION  
21 OF THE ZERO TOLERANCE POLICY.

22 (B) A SUSPENSION ISSUED UNDER SUBSECTION (A) OF THIS SECTION  
23 SHALL LAST FOR THE DURATION OF THE INVESTIGATION.

24 10.5-107.

25 (A) A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL  
26 MAINTAIN A COMMERCIAL LIABILITY INSURANCE POLICY THAT:

27 (1) PROVIDES COVERAGE OF AT LEAST \$1,000,000 PER INCIDENT  
28 FOR ACCIDENTS INVOLVING A TRANSPORTATION NETWORK OPERATOR WHILE  
29 PROVIDING TRANSPORTATION NETWORK SERVICES; AND

1           **(2) COVERS A CLAIM INVOLVING A MOTOR VEHICLE OPERATED BY**  
2 **A TRANSPORTATION NETWORK OPERATOR WHO IS PROVIDING**  
3 **TRANSPORTATION NETWORK SERVICES, REGARDLESS OF WHETHER THE**  
4 **TRANSPORTATION NETWORK OPERATOR HAS AN INSURANCE POLICY THAT IS**  
5 **ADEQUATE TO COVER ANY PORTION OF THE CLAIM.**

6           **(B) (1) IF AN ACCIDENT OCCURS INVOLVING A MOTOR VEHICLE THAT**  
7 **IS BEING USED FOR TRANSPORTATION NETWORK SERVICES, THE**  
8 **TRANSPORTATION NETWORK OPERATOR SHALL PROVIDE PROOF OF THE**  
9 **TRANSPORTATION NETWORK OPERATOR'S:**

10                           **(I) PERSONAL INSURANCE; AND**

11                           **(II) EXCESS LIABILITY COVERAGE.**

12           **(2) A TRANSPORTATION NETWORK OPERATOR WHO IS INVOLVED**  
13 **IN AN ACCIDENT WHILE PROVIDING TRANSPORTATION NETWORK SERVICES**  
14 **SHALL HAVE 24 HOURS TO PROVIDE PROOF OF EXCESS LIABILITY COVERAGE.**

15           **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**  
16 **July 1, 2014.**

Department of Legislative Services  
Maryland General Assembly  
2014 Session

**FISCAL AND POLICY NOTE**

**Revised**

House Bill 1160

(Delegate Barnes)

Economic Matters

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**Public Utilities - Transportation Network Services - Establishment**

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This bill defines and exempts from the definition of a common carrier “transportation network application companies” and “transportation network operators.” Statutory provisions related to for-hire driving services do not apply to a transportation network application company or a transportation network operator. Statutory provisions related to rate regulation by the Public Service Commission (PSC) do not apply to a person that provides transportation network services. A separate regulatory system is established for transportation network services that encompasses transportation network application companies and transportation network operators.

The bill takes effect July 1, 2014.

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**Fiscal Summary**

**State Effect:** PSC can implement the bill with existing budgeted resources. The bill does not materially affect State finances or operations.

**Local Effect:** Minimal.

**Small Business Effect:** Meaningful.

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**Analysis**

**Bill Summary:** “Transportation network application company” means a person that uses a digital network or software application to connect a passenger to transportation network services. “Transportation network services” means transportation of a passenger between points chosen by a passenger that is prearranged by a transportation network application

company. A “transportation network operator” means an individual who owns or operates a motor vehicle that is (1) the individual’s own motor vehicle; (2) not registered as a motor carrier under a specified section of the Transportation Article; and (3) used to provide transportation network services.

#### *Exemptions from Current Law*

The bill creates three exemptions from the current regulatory structure for transportation services:

- a “common carrier” as defined in current law does not include a transportation network application company or a transportation network operator;
- statutory provisions related to rate regulation by PSC do not apply to a person that provides transportation network services; and
- statutory provisions related to for-hire driving services do not apply to a transportation network application company or a transportation network operator.

#### *New Regulatory Structure for Transportation Network Services*

A separate regulatory system is established for transportation network services that encompasses transportation network application companies and transportation network operators. A transportation network operator must be age 21 or older and must possess a (1) valid driver’s license and (2) proof of registration and proof of insurance for the motor vehicle that is used for transportation network services. A transportation network application company must:

- create an application process for individuals to apply for registration as a transportation network operator;
- maintain a current registry of the company’s transportation network operators;
- submit proof to PSC that the company is licensed to do business in the State and maintains a website that provides the company’s customer service telephone number or email address;
- conduct, or have a third party conduct, a safety inspection of the motor vehicle that a transportation network operator will use before the motor vehicle may be used to provide transportation network services;

- provide specified information on its website related to customer service, the company's zero tolerance policy established pursuant to the bill, and complaint reporting procedures;
- maintain specified records related to transportation network operators and applicants, safety inspections, transportation network services arranged by the company, consumer complaints and complaint investigations, the transportation network application company's insurance policy, and accidents that involve a motor vehicle that is used for transportation network services provided by the network application company.

A transportation network application company must institute a zero-tolerance policy on the use of drugs or alcohol while an individual is arranging or providing transportation network services. The company must immediately suspend an individual who is arranging or providing transportation network services on receipt of a passenger complaint alleging that the individual violated the zero-tolerance policy and must conduct an investigation for the alleged violation. A suspension lasts for the duration of the investigation.

#### *Application Process for Transportation Network Operators*

An individual may submit an application to a transportation network application company for registration as a transportation network operator. The transportation network application company must approve or deny an application within 60 days. Before approving an application, a transportation network application company must (1) conduct, or have a third party conduct, a local and national criminal history records check for each applicant, using specified databases; and (2) obtain and review a driving record check for each applicant.

A transportation network application company may not approve an application for an applicant who (1) within the past seven years, has been convicted of a specified crime of violence, sexual abuse, robbery, or fraud punishable by a felony; (2) within the past seven years, as shown in the driving record check, has been convicted of reckless driving, driving under the influence, failure to remain at the scene of an accident, or fleeing or eluding the police; or (3) within the past three years, been convicted of driving with a suspended or revoked license.

#### *Charges for Transportation Network Services*

A transportation network application company or a transportation network operator may (1) offer transportation network services at no cost; (2) suggest a donation for

transportation network services provided; or (3) subject to specified conditions, charge a fare for transportation network services provided.

If a fare is charged, a transportation network application company must disclose the following information to a passenger before the passenger arranges a trip with either the transportation network application company or a transportation network operator: (1) the method for calculating the fare; (2) the applicable rate being charged; and (3) an estimated fare for the transportation network services that will be provided.

The transportation network application company, on completion of transportation network services provided, must transmit an electronic receipt to the passenger's email address or mobile application documenting (1) the origin and destination of the trip; (2) the total time and distance of the trip; and (3) a breakdown of the total fare paid, if any.

#### *Insurance Requirements and Accidents*

A transportation network application company must maintain a commercial liability insurance policy that (1) provides coverage of at least \$1 million per incident for accidents involving a transportation network operator while providing transportation network services and (2) covers a claim involving a motor vehicle operated by a transportation network operator who is providing transportation network services, regardless of whether the transportation network operator has an insurance policy that is adequate to cover any portion of the claim.

If an accident occurs involving a motor vehicle that is being used for transportation network services, the transportation network operator must provide proof of his or her personal insurance and excess liability coverage. A transportation network operator who is involved in an accident while providing transportation network services has 24 hours to provide proof of excess liability coverage.

**Current Law:** PSC generally regulates persons engaged in the public transportation of individuals for-hire in vehicles such as cars, vans, limousines, and buses.

#### *Common Carriers*

“Common carrier” means a person, public authority, or federal, State, district, or municipal transportation unit that is engaged in the public transportation of persons for hire, by land, water, air, or any combination of them. It includes, among others:

- a car company, motor vehicle company, automobile company, or a motor bus company;
- a taxicab company; and
- a transit company.

It does not include a county revenue authority, a toll bridge or other facility owned and operated by a county revenue authority, a vanpool or launch service, or a for-hire water carrier.

Each common carrier must provide reasonable, proper, and equal facilities for the prompt interchange and transfer of passengers between its lines and the lines of every other common carrier. A common carrier may not discriminate against other common carriers in transferring, receiving, or forwarding passengers to or from other common carriers.

In addition to other information that PSC requires, the tariff schedules of each common carrier must show (1) all of the current rates, fares, and charges for the transportation of passengers within the State between specified points; (2) the points between which passengers will be carried; (3) the classification of passengers; (4) the privileges or facilities granted; and (5) all rules and regulations that may change, affect, or determine any part of the aggregate of the rates, fares, or charges or the value of the service rendered.

#### *Motor Carrier Permits for Vehicles*

Generally, a motor carrier permit is required for a *passenger motor vehicle* used in the transportation of persons for hire. A motor carrier permit may not be issued unless PSC, after considering the number of vehicles the applicant will use, the rate the applicant will charge, the potential demand, the qualifications of the applicant, and any other factors that PSC considers relevant, determines that the issuance of a motor carrier permit will be best for the public welfare and convenience. PSC may suspend, revoke, or subsequently deny a motor carrier permit for specified violations.

#### *Taxicab Permits*

A person must have a permit issued by PSC whenever the person operates as a taxicab business in or from a point in Baltimore City, Baltimore County, the City of Cumberland, or the City of Hagerstown. Local jurisdictions regulate taxicabs outside of these areas. An applicant for a taxicab permit to operate a taxicab business must apply to PSC, which must issue a permit if, after investigation, PSC determines that issuing the permit would be best for the public welfare and convenience.

In determining whether to issue a permit, PSC must consider all relevant factors including the number of taxicabs to be used, the taxicab and other transportation services already available in the locality, and the rate to be charged. PSC must reject an application or revoke or suspend an existing permit if it appears that a taxicab company is making an effort to mislead the public by imitating the name, design, or distinctive combination of colors of any taxicab already approved by PSC. Each taxicab must have the name of the permit holder displayed on each side of the vehicle and the word "taxicab" conspicuously displayed.

A taxicab for which a permit is required may not be operated unless the permit holder:

- obtains a liability insurance policy that is approved by PSC and insures the permit holder and taxicab driver against liability to a passenger or member of the public for property damage, personal injury, or death resulting from an accident in which the taxicab is involved; or
- deposits with PSC a bond with a casualty or surety company authorized to do business in the State that is approved by PSC and is made out to the State as obligee for the use and benefit of passengers and members of the public, and undertakes to indemnify passengers and members of the public against property damage, personal injury, or death resulting from an accident in which the taxicab is involved.

Taxicabs are subject to specified requirements for operation, fares, and rates. Taxicabs may only charge the rate of fare or charge established by law, which must be displayed in each taxicab, and must give a receipt of fares on request. A driver of a taxicab may not operate the taxicab recklessly, in an unsafe manner, or in disregard of the laws or municipal ordinances governing the operation of motor vehicles.

#### *Individuals Licensed to Provide For-hire Driving Services*

Current law relating to for-hire driving services supplements other law relating to the operation and licensing of motor vehicles. It applies to any motor vehicle used in the transportation of persons in exchange for remuneration except (1) motor vehicles designed to transport 15 or more persons and (2) subject to specified conditions, transportation solely provided by or on behalf of a unit of government or certain nonprofits, provided that the entity requires a criminal history records check and driving record check for its drivers.

Generally, a person may not operate a motor vehicle for hire in the State under a permit or authorization to transport passengers (such as a motor carrier permit) issued by PSC or

the appropriate local authority unless the person holds a for-hire driver's license issued by PSC. Certain exceptions apply for local governments that issue taxicab licenses.

Generally, an applicant for a for-hire driver's license must (1) submit to PSC a completed application; (2) state on the form that the applicant is applying for a passenger-for-hire driver's license or a taxicab driver's license; (3) pay an application fee set by PSC; (4) file with the application two recent photographs; and (5) apply to the Criminal Justice Information System Central Repository for a State criminal history records check as specified. PSC must require a driving record check of the applicant, attach one of the photographs to the for-hire driver's license when issued, and file the other photograph with the for-hire driver's license application. In addition to the State criminal history records check, PSC may require an applicant to obtain a federal criminal history records check.

After the initial criminal history records check is complete, PSC must issue a passenger-for-hire driver's license or a taxicab driver's license, as appropriate, to each applicant that meets the statutory requirements. A for-hire driver must have the license in his or her possession whenever operating a motor vehicle for hire.

PSC may deny an applicant a license or suspend or revoke the license of a licensee if the applicant or licensee has been convicted of a crime that bears a direct relationship to the applicant's or licensee's fitness to serve the public as a for-hire driver.

#### *Civil Penalties*

Generally, a person may not transport, solicit for transport, or agree to transport any person or baggage in a motor vehicle for hire unless the operator of the motor vehicle is licensed by PSC. A person who owns or is in charge of a motor vehicle may not allow the motor vehicle to be used in violation of the laws relating to for-hire driving services. Subject to specified hearing provisions, PSC may impose a penalty of up to a \$500 fine for each violation.

#### *Personal Automobile Insurance*

Maryland law requires an owner of a motor vehicle that is required to be registered in the State to maintain insurance for the vehicle during the registration period. The security required must provide at least the payment of claims (1) for bodily injury or death arising from an accident of up to \$30,000 for any one person and up to \$60,000 for any two or more persons; (2) for property of others damaged or destroyed in an accident of up to \$15,000; (3) unless waived, for personal injury protection of \$2,500 per person; and (4) for uninsured motorist coverage in the same amounts as required for bodily injury or

death. Automobile liability insurance coverage is mandatory in 49 states and the District of Columbia. Maryland law requires drivers to purchase uninsured motorist coverage.

**Background:** The bill creates a regulatory system for transportation network application companies and transportation network operators. There are currently multiple services that likely meet these definitions. For example, Uber Technologies, LLC and Lyft likely meet the definition of a “transportation network application company,” with the drivers for certain Uber services and Lyft likely meeting the definition of “transportation network operator.” The applications use a mobile phone’s GPS to detect the user’s location and connect the user with the nearest available driver (transportation network operator).

The various Uber services are generally reflective of the mode of transportation offered. For example, UberX offers “everyday cars,” Uber Black offers “high-end sedans” and Uber SUV offers an SUV to seat up to six people. These services are coordinated through a mobile phone application created and owned by Uber Technologies, LLC.

Uber’s website states that an applicant to be an Uber Black driver must be “a professional chauffeur with a commercial license and commercial auto insurance.” If this is true, then Uber Black drivers likely do not fall under the bill’s definition of “transportation network operator” because the definition specifically excludes a vehicle operating under a motor carrier permit. However, UberX drivers must be “at least 23 years old, with a personal license and personal auto insurance” and therefore likely fall under the bill’s definition of transportation network operator.

For Uber services, rates are disclosed to the user on the application, along with a fare quote for each trip. When the user arrives at his or her destination, the fare is automatically charged to a credit card on file with Uber and a receipt is emailed to the user.

Lyft is a similar mobile phone application that connects users to drivers. Lyft’s website states that it conducts criminal history records checks and driving records checks and has a zero-tolerance policy on drug and alcohol use. The website also states that Lyft provides its drivers with (1) \$1.0 million excess liability coverage for passengers and third parties; (2) contingent collision insurance with a \$2,500 deductible and a \$50,000 maximum applicable to drivers who have purchased collision coverage on their personal policies; and (3) excess uninsured/underinsured motorist coverage with a \$1.0 million limit covering drivers if they are hit by an uninsured motorist who is at fault. The service does not have a required fare, but rather a suggested “donation.” Drivers get 80% of the total donations received from passengers, deposited into their accounts each week.

*Regulation as a Common Carrier by PSC*

PSC is currently considering the nature and extent of regulation over the operations of Uber Technologies, LLC and other similar companies in Case No. 9325. The case is considering Uber Black and Uber SUV. At issue is whether Uber Technologies, LLC is providing transportation services in the State and is therefore a public service company subject to PSC jurisdiction. No decision has been made in the case as of February 26, 2014. A proposed order by the Public Utility Law Judge Division within PSC is anticipated in the spring of 2014.

**Small Business Effect:** Many transportation network operators may be considered small businesses. The effect of the bill on these businesses is unclear, as they are currently operating outside the traditional regulatory structure for transportation services. Transportation network operators benefit to the extent that the bill precludes PSC from regulating their service under the current for-hire transportation structure – the decision on which has yet to be made by PSC.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** Although SB 919 (Senator Ferguson – Finance) is designated as a cross file, it is different.

**Information Source(s):** Public Service Commission, Office of People’s Counsel, Maryland Department of Transportation, Uber Technologies, Lyft.me, Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2014  
mc/lgc Revised - Correction - February 27, 2014

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PUBLIC SERVICE COMMISSION

**Maryland PSC Finds that Uber Is A Common Carrier**  
*Orders Modern Regulations for Non-Taxicab For-Hire Carriers*

(Baltimore, August 6, 2014)—The Maryland Public Service Commission has ruled that Uber Technologies, Inc. (Uber) engages in the public transportation of persons for hire and should be regulated as a non-taxicab, passenger-for-hire service, affirming the determination in April by the agency's chief public utility law judge. The order directs Uber to apply for a motor carrier permit for its UberBLACK or UberSUV services within 60 days and also directs Commission staff to draft new regulations that protect the public interest, but also reflect the evolving nature of transportation services like Uber.

At the heart of the case was the question of whether Uber's BLACK and SUV services are subject to the Commission's jurisdiction under state law. The Commission concluded "[w]hen viewed in their totality, the undisputed facts and circumstances in this case make it clear that Uber is engaged in the public transportation of persons for hire. Thus, Uber is a common carrier and a public service company over whom the Commission has jurisdiction." The Commission recognized the paramount importance of public safety, noting that it is required by law to regulate for-hire services to ensure they are in the public interest and to promote adequate, economical, safe and efficient delivery of services.

The Commission's decision also recognizes the evolving nature of the for-hire transportation industry, stating "[w]e recognize that many industry changes and technological advances have occurred since these regulations were adopted, including the everyday use of the Internet." Therefore, the order directs Commission staff to draft regulations for non-taxicab, for-hire transportation services that reflect the changing nature of these services and protect the public interest. These regulations will address, specifically, new technologies used to manage and dispatch requests for transportation-for-hire services, method(s) used to provide notice of rates to the Commission and consumers, along with matters of insurance, vehicle safety and qualifications of drivers. The new regulations will be drafted within 90 days and will include input from the parties in the case, including Uber, and other interested parties.

The Commission found that Uber has "branded, marketed and advertised" its transportation services, requires driver agreements to terms and conditions unilaterally set by Uber, inspects for-hire vehicles and establishes rate schedules. Additionally, Uber engages a third-party vendor to collect payments from passengers and then

issues those payments to the company; so Uber not only receives payments from customers, it also pays the drivers for their services.

The Commission rejected Uber's claims that it is exempt from Commission oversight because its technology is covered by the Telecommunications Act of 1996. The order notes that the facts established in this case support a finding that telecommunications technology used does not merely provide information, but rather is used to contract with and operate a fleet of vehicles and set rates through Uber's website and phone application.

Commissioner Anne Hoskins issued a separate concurring statement.

UberX and Lyft services were not part of this proceeding (Case 9325) and are not covered by the order (No. 86528), which is available on the Commission website, [www.psc.state.md.us](http://www.psc.state.md.us).

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**\* \* \*NEWS RELEASE\* \* \***

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**PEOPLE'S COUNSEL REQUESTS INVESTIGATION OF COMPLIANCE  
BY UBERX AND LYFT DRIVERS WITH PUBLIC SERVICE COMMISSION  
LICENSE REQUIREMENTS**

BALTIMORE, Md. (August 5, 2014) – Drivers for the increasingly popular uberX and Lyft app-based transportation services are probably not complying with the state licensing requirements, according to formal investigation requests filed today by the Office of People's Counsel (OPC).

Maryland law requires any individual who offers transportation to members of the public for compensation to have a license from the Commission. However, Uber Technologies, Inc. and Lyft Inc. are making no efforts to ensure drivers for their respective uberX and Lyft services have the necessary license. OPC is asking the Maryland Public Service Commission (Commission) to investigate the matter.

"We have every reason to believe that the individuals responding to Uber's and Lyft's requests for drivers to provide these services are not aware that Maryland law requires them to have a license," said the People's Counsel, Paula Carmody.

"It also is likely that drivers are not familiar with restrictions in their personal automobile insurance policies if accidents occur while using their cars for commercial purposes. The license requirement is there to protect members of the public, but we

also are concerned that individuals responding to these driver solicitations do not realize they need a license and may need other types of car insurance. We have filed these Requests for Investigation so that these individuals and members of the public can be made aware of these requirements and be given an opportunity to comply with them,” Carmody said.

OPC’s actions today are the latest in Maryland to put greater scrutiny on web-based transportation models, which are getting attention nationally. The Commission already is considering whether it has authority to regulate Uber Technologies, Inc. and Lyft, Inc., which use smart phone apps to connect drivers and passengers.

For more information, see the links to the Requests for Investigation at [www.psc.state.md.us](http://www.psc.state.md.us) (Mail log Nos. 157189 and 157192)

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**Council of the District of Columbia**  
**Committee on Transportation and the Environment**

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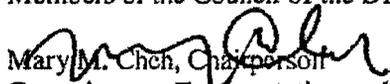
OFFICE THE

**Committee Report**

1350 Pennsylvania Avenue, N.W., Washington, DC 20004

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To: Members of the Council of the District of Columbia

From:  Mary M. Cheh, Chairperson  
Committee on Transportation and the Environment

Date: October 1, 2014

Subject: Bill 20-753, the "Vehicle-For-Hire Innovation Amendment Act of 2014"<sup>1</sup>

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The Committee on Transportation and the Environment, to which Bill 20-753, the "Vehicle-For-Hire Innovation Amendment Act of 2014" was referred, reports favorably on the legislation and recommends its approval by the Council of the District of Columbia.

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<sup>1</sup> The title of this bill has been changed to better reflect the subject matter of the legislation.

## STATEMENT OF PURPOSE AND EFFECT

### **A. Background**

The for-hire industry<sup>2</sup> in the District and throughout the world has changed dramatically in the last three years. Technology has been the primary driver of such innovation, which has moved so quickly that laws and regulations in this area have struggled to keep pace. The District, both through legislation by the Council and regulations by the District of Columbia Taxicab Commission (DCTC) has made a number of reforms to accommodate the evolution in for-hire transportation services.

In the District, legislation and regulations have focused primarily on how rates may be calculated and charged for a particular class of service, and DCTC's role in regulating rates and service for non-street hail trips. What was not contemplated by previous bills and rule was whether a particular company could contract with non-professional drivers in private motor vehicles to provide for-hire service. Up until 2013, each company operating in the District that provided digital dispatch—that is, hailing a for-hire vehicle through the use of a digital network on a smartphone—affiliated with either licensed taxicab drivers and vehicles or licensed limousine (also known as black car) drivers and vehicles.

In 2013, companies such as Lyft and Sidecar, competitors to companies such as Uber—who, to start, only worked with drivers licensed through a regulatory body—began contracting with drivers who had not been vetted through the regulatory system using vehicles that were the driver's private motor vehicle. These companies called their new model "ridesharing." The new model began as a way for drivers to pick up passengers for a variety of purposes, including to reduce gas costs or car expenses while commuting, or to drop off a passenger at a destination in the general direction of the driver's ultimate destination. The arrangement had the appearance of being informal, akin to carpooling, and did not seem designed solely (or even primarily) for the purpose of providing a for-hire experience—at least one company did not require payment of a "fare" but rather facilitated payment of a suggested "donation." In fact, these companies used this payment arrangement to argue that such services did not fall within the regulatory scope of legislatures and regulatory agencies. If drivers were not charging a fare, there was no "for-hire service" and thus, no need for the regulators to be involved, the argument went.

Regulators were not convinced, neither in the District, nor elsewhere. Not requiring payment, regulators argued, does not mean that either drivers or companies are not receiving some kind of business or economic benefit. Obviously, a company that facilitates these kinds of arrangements does so out of some kind of economic motive. To argue that the service should fall outside of any legislative or regulatory oversight based on a "suggested donation" payment arrangement was viewed by regulators as an end-run around government oversight what was, at least in part, a type of for-hire service.

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<sup>2</sup> The "for-hire industry" refers to all classes of transportation services of passengers for hire in motor vehicles, including taxicabs, limousines and other black car services, and emerging for-hire services such as UberX, Lyft and Sidecar.

Once it became clear that these companies (soon after to include Uber, through its UberX brand of service) were providing “ridesharing” service in the District, and were in many cases charging fares, the Council asked DCTC to act. Through emergency legislation, the Council required DCTC to study this issue and make a recommendation on how, if at all, these companies should be regulated. In the interim, the Council allowed these services to operate uninterrupted with a number of safety and consumer protection measures in place, such as required vetting of drivers through background checks and minimum insurance requirements.<sup>3</sup>

DCTC released its required report in late-January 2014. The DCTC panel that studied the issue concluded that such services should not be able to operate in the District. In its words, such services “may be an innovation, but they are not an improvement.”<sup>4</sup> The conclusion by the DCTC panel was based primarily on a belief that the differences between traditional for-hire service and what is provided by emerging services were not significant enough to justify changes in how the industry ought to be regulated. The report did, however, go on to provide recommendations in the case that the Council or DCTC intended to permanently legalize and regulate such services.

Ultimately, DCTC did not heed the recommendation of its own panel tasked with analyzing the issues, as DCTC issued proposed rules to regulate the new companies and drivers. Councilmembers Cheh and Grosso, the Chair and a member of this Committee, respectively, introduced this legislation to provide a legislative solution that would allow companies to freely operate, while still ensuring that safety and consumer protection requirements are satisfied. A description of this legislation follows.

## **B. Legislative Action: Description & Analysis**

### **Private Vehicle-for-Hire Services**

A fundamental change from the introduced version of the legislation to the legislation presented for mark-up by the Committee is the terms used to describe these new for-hire services. As mentioned above, these services are distinct from carpooling or ridesharing, where the primary goal is to defray costs associated with vehicle ownership or commuting. To call such services “ridesharing” would be to conflate two distinct types of transportation service. Therefore, unlike the emergency legislation passed by the Council, this bill does not use the term ridesharing to describe these services. Additionally, the terms used in the introduced version of this bill referred to such companies and services as Transportation Network Services or Transportation Network Companies. These terms of art are common in legislation introduced throughout the country to regulate such companies. The Committee has abandoned the use of such terms, however, because District law already has a significant number of defined terms in the District of Columbia Taxicab Commission Establishment Act that outline particular classes of for-hire service, as well as digital networks (termed digital dispatch) that connect passengers

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<sup>3</sup> See the Livery Class Regulation and Ride-Sharing Emergency Amendment Act of 2013, Act A20-0169, published in D.C. Reg. Vol. 60, page 14736.

<sup>4</sup> See Government of the District of Columbia, Taxicab Commission, Report of the Panel on Industry, Findings and Recommendations on ‘Ridesharing,’ Jan. 24, 2014 at 22.

to drivers through the use of a smart phone. Therefore, the Committee has amended the print to provide conformity with the existing structure of for-hire services and has made a distinction between for-hire services that existed prior to the introduction of this bill and the emerging services that this act regulates. The Committee has determined that the best term to describe such services is "private vehicles-for-hire." Although this is still a term of art, it is significant in that it is intended to distinguish these new services from the already defined term "public vehicles-for-hire," which includes the traditionally regulated taxicab and limousine (black car) service. That is, the distinction is between whether the vehicle and drivers are licensed through a regulatory body, or through a private company.

Many of the changes in the committee print are conforming changes, which delineate the instances where for-hire service requirements apply only to public vehicles-for-hire, apply only to private vehicles-for-hire, or apply to both.

### **Requirements for Private Vehicle-for-hire Companies and Drivers**

The following will be required of private vehicles-for-hire companies and drivers:

#### *General Requirements*

First, a company that affiliates with private vehicle-for-hire drivers under this legislation would be required to create an application process for the sign-up of drivers, as well as maintain a current registry of the operators and vehicles associated with the company. Additionally, it would be required to have a website that includes a customer service telephone number or email address, its zero tolerance policy on the use of drugs and alcohol and discrimination, its procedures for reporting a complaint against a driver, as well as contact info for DCTC.

#### *Individual Driver Requirements*

A prospective private vehicle-for-hire driver must be 21 years old, must apply through the private vehicle-for-hire company, must successfully pass the background checks required, must use a motor vehicle meeting the vehicle requirements, must use the trade dress established by the company any time the driver is available for service or is providing service, and must have a valid driver's license issued by the District of Columbia, the State of Maryland, or the Commonwealth of Virginia.

#### *Background Checks and Driver Record Checks*

Before a prospective private vehicle-for-hire driver can provide service, he or she must submit to a local and national criminal background check, the national sex offender database background check, and a full driver history check. These checks are performed by third party background screeners that must be accredited by the National Association of Professional Background Screeners. A prospective driver cannot provide service if the background check shows that within the last seven years the applicant has been convicted of a crime of violence, sexual abuse, burglary, robbery, or an attempt to commit robbery, felony theft, felony fraud or identity theft, aggravated reckless driving, fleeing from a law enforcement officer in a motor

vehicle, leaving after a collision in a motor vehicle, negligent homicide with a motor vehicle, or the taking of a motor vehicle without the consent of the owner, or any offense in any jurisdiction in the United States involving conduct that would constitute one of these offenses if committed in the District. An applicant will also be disqualified if they are a match on the national sex offender registry database or has been convicted within the last three years of driving with a suspended or revoked license.

#### *Vehicle Requirements*

First, a motor vehicle used for private vehicle-for-hire service must have an initial safety inspection conducted and must pass it within 90 days of beginning service. This requirement may be satisfied through inspection conducted by a Maryland or Virginia inspection station (for those vehicles registered in those states) or through an inspection conducted by a District-licensed mechanic, which will be the only way to obtain an inspection for those vehicles registered in the District.<sup>5</sup> A vehicle would not need an initial inspection if its current state-required inspection sticker or certification is still valid. Additional safety inspections must be conducted annually thereafter.

Next, a motor vehicle used for such service must have a seating capacity of 8 passengers or fewer, including the driver, must have 4 doors, and must not be more than 10 model years old at entry into service and not more than 12 years of age while in service. This requirement will ensure that the vehicles used for private vehicle-for-hire service are relatively new and updated models and will ensure that they are truly passenger motor vehicles, rather than large vans or other high-passenger capacity vehicles.

A motor vehicle used for service as a private vehicle-for-hire must also have a distinctive trade dress placed on the exterior of the vehicle whenever the vehicle is available for or in service. The trade dress will be established by the company with which the particular driver affiliates and the specifications of the trade dress must be sent to DCTC so that DCTC inspection officers and law enforcement officials are aware of the trade dress established for each company. The established trade dress must be sufficiently large and color contrasted to be visible from a distance of 50ft, as well as be reflective, illuminated, or otherwise visible in darkness. By requiring trade dress, enforcement entities will better be able to catch a private vehicle-for-hire attempting to solicit or accept a street hail, which they are forbidden from doing under this legislation. Additionally, customers will be better able to determine whether a vehicle is properly affiliated with a particular company.

#### *Insurance Requirements for Private Vehicle-for-Hire Companies and Operators*

All vehicles providing private vehicle-for-hire service must have primary liability insurance at any time that the driver is available to accept rides through the digital dispatch service and continuing through the acceptance of a trip, the pick-up of a passenger, and through to the drop-off of the passenger. The minimum insurance amounts required, however, depend on

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<sup>5</sup> Because the District does not perform safety inspections on passenger motor vehicles registered in the District, the Department of Motor Vehicles told the Committee that such inspections would have to be conducted by private automobile mechanics.

the phase of service the driver is conducting. When a driver is engaged in a pre-arranged ride, that is, when the driver has accepted a passenger's ride request and is either en route to the passenger or the passenger is in the vehicle, the driver or the private vehicle-for-hire company on the driver's behalf must maintain a primary liability insurance policy that provides coverage of \$1 million per accident for accidents involving the driver. For the time period when a driver has not yet accepted a ride request from a prospective passenger, but is logged into the application and is available to accept a ride, the limits are somewhat lower (at least \$50,000 per person per accident, \$100,000 to all persons per accident, and \$25,000 for property damage), yet the insurance coverage must still be primary liability coverage maintained by the driver or the private vehicle-for-hire company on the driver's behalf. Although a driver is required to maintain a personal automobile policy on the vehicle he or she drives, that policy is expressly excluded from having to provide coverage during the time that the driver is logged into the digital dispatch network and available to accept a ride (or is in the act of pick-up, drop-off, or transportation of a passenger). This eliminates any insurance gaps that might otherwise occur if, for example, the insurance policy taken out on behalf of the driver by the private vehicle-for-hire company was contingent on the denial of a claim by the driver's personal automobile policy. In that instance, a claim by the private vehicle-for-hire insurer would not occur until the denial of a claim by the private automobile insurer, which can lead to delays for compensation for victims in accidents.

Additionally, the bill provides flexibility in how insurance coverage may be obtained. As noted, the insurance requirements may be satisfied by a policy maintained by the private vehicle-for-hire company on behalf of a driver or by the driver him or herself. This coverage can be obtained in three ways: it can be a policy solely maintained by the private vehicle-for-hire company on behalf of the driver, it can be full-time primary liability coverage (24 hours a day, 7 days a week) that is similar to that obtained by a District taxicab driver (but for the increased minimum insurance requirements); or it can be an insurance rider or endorsement to the driver's personal automobile coverage. Such flexibility in the insurance requirements provides an opportunity for the market to create new insurance products to cover these emerging services.

Finally, there are a number of insurance disclosure requirements in this legislation, including: proof by the private vehicle-for-hire company to DCTC that it has secured the required insurance; a disclosure of the required insurance on the private vehicle-for-hire company's website and in its terms of service with drivers; a disclosure in writing to a private vehicle-for-hire company's affiliated drivers of the coverage and limits of liability provided; and a statement saying that the driver's personal automobile coverage may not provide coverage while providing private vehicle-for-hire services.

The Mayor would also be required within 1 year to assess whether the insurance requirements in this legislation are appropriate to the risk of such services and report its findings to the Council.

### *Rates and Charges*

Private vehicles-for-hire, because they must work through a digital dispatch service and are unable to accept street hails, are similar in that respect to previous services legalized in the District. Similarly, private vehicles-for-hire may set its own fares. These fares, however, must

comply with the fare transparency provisions required by law. That is, the company that uses the digital dispatch service must disclose the fare calculation method, the applicable rates being charge, and the option for an estimated fare. Additionally, for all companies that use digital dispatch services, the company is required to review any customer complaint regarding fares that exceed an estimated fare by 20% or \$25, whichever is less. Although such companies routinely respond to customer complaints and must provide a customer support line or email address, this requirement adds an additional layer of protection to customers if the actual trip taken grossly exceeds the fare initially estimated.

Finally, the legislation would prohibit a company that provides digital dispatch service, regardless of the class of service being provided, from setting exorbitant fares during a state of emergency declared by the Mayor. If the Mayor declares a state of emergency, a company 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 three highest multiples set on different days in the 60 days preceding the declaration of a state of emergency for the same class of service within the Washington Metropolitan Area. For example, if a company has a base fare for a particular class of service of \$3.00 and in the 60 days preceding the declaration of a state of emergency the company's three highest surge multipliers of the base fare on different days were 3x (\$9.00 base) 2.5x (\$7.50 base), and 2.25x (\$6.75 base), and if the company's next highest surge multiplier after the first three was 2x (\$6.00), during a state of emergency the company could not charge a surge multiplier above 2.5x for the duration of the emergency. This allows customers to be protected during times when demand for services may be extreme and when a company would have an incentive to dramatically increase rates for service. Although such surge pricing is common in other industries (for example, air travel and hotels), the Committee believes such limits are in the public interest during emergency circumstances. Such limits also exist in other jurisdictions, such as New York, and the company Uber has applied such limits nationwide.<sup>6</sup>

#### *Accessibility and Anti-Discrimination Requirements*

This legislation would make a number of accessibility improvements to for-hire service in the District. Generally, these requirements apply to taxicab drivers, and the Committee believes they should be extended to any driver that is operating a vehicle-for-hire.

First, a company that provides digital dispatch service would be prohibited from imposing additional or special charges on an individual with disabilities when providing services to accommodate the individual, and would be prohibited from requiring an individual with a disability to be accompanied by an attendant in order to receive service. Next, all drivers who accept trips through digital dispatch would be required to stow the passenger's mobility equipment if the vehicle is capable of stowing the equipment. If the passenger or operator determines that the vehicle is not capable of stowing the equipment, the company that provides digital dispatch would be prohibited from charging a cancellation fee or would be required to provide a refund of any fee charged. Additionally, a company that uses digital dispatch would be

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<sup>6</sup> See "Uber Reaches Deal with New York on Surge Pricing in Emergencies," N.Y. TIMES, July 8, 2014, available at [http://bits.blogs.nytimes.com/2014/07/08/uber-reaches-agreement-with-n-y-on-surge-pricing-during-emergencies/?\\_php=true&\\_type=blog&\\_r=0](http://bits.blogs.nytimes.com/2014/07/08/uber-reaches-agreement-with-n-y-on-surge-pricing-during-emergencies/?_php=true&_type=blog&_r=0).

required to train all affiliated drivers in how to properly and safely handle mobility devices and equipment, as well as how to treat individuals with disabilities respectfully. Because licensed taxicab drivers in the District are already to undergo such training, a taxicab driver affiliated with a digital dispatch company would be exempt from additional training beyond the taxicab driver operating course he or she undertakes to be licensed to operate a taxicab in the District.

Finally, the bill would require, by January 1, 2016, that a company providing digital dispatch must ensure that its websites and mobile applications are accessible to the blind and the deaf and hard of hearing, and must provide a report to this Committee (or its successor Committee) on how the company intends to increase access to wheelchair accessible vehicles-for-hire to persons with disabilities.

### **Enforcement and Compliance**

Under this legislation, the company that affiliates with private vehicles-for-hire would be required to verify that the requirements outlined above have been performed, and for example, as with a background check, would contract with a 3rd party to conduct such checks. The company would also be responsible for establishing the trade dress to be used by drivers as they provide service. The companies are responsible for conducting investigations on the violation of zero tolerance policies (as outlined above) and must maintain records that all such requirements have been met.

Additionally, the companies would be required to submit items to DCTC for the purpose of registration, including proof that the company is licensed to do business in the District, proof that the company maintains a registered agent in the District, proof that the company maintains a website with the information required (as outlined above), proof that the company has established the trade dress required, a written description of how the company's digital network operates, and proof that the insurance requirements have been met (as outlined above).

This legislation gives DCTC similar enforcement controls for private vehicles-for-hire as it does for public vehicles-for-hire. For example, a vehicle inspection officer (commonly referred to as a Hack Inspector) may perform stops of private vehicle-for-hire vehicles upon reasonable suspicion of violation of a law or rule, just as it does for taxicab and black car services. As noted above, because private vehicles-for-hire will be required to use distinct trade dress whenever providing service, vehicles inspection officers will be able to identify such vehicles, particularly as regarding the solicitation or acceptance of a street hail. These inspectors (along with MPD) have the ability to issue citations for noncompliance.

Next, DCTC has the same ability to investigate complaints of driver misconduct and conduct hearings (or refer contested matters to OAH, as it is authorized to do under its enabling statute) to the same extent for private vehicle-for-hire drivers as public vehicle-for-hire drivers and can levy fines against such drivers.

Finally, DCTC has the authority to inspect and copy the records of a private vehicle-for-hire company upon a reasonable suspicion that the company is not complying with the safety and consumer-protection related requirements outlined in this act. The Mayor also has the authority

to establish fines and penalties for intentional false or misleading statements in the certifications provided by companies to the Commission regarding compliance with the requirements of the act.

### **De-Regulation of Taxicab Fares for Trips Booked through Digital Dispatch Services**

A major benefit to both taxicab drivers and taxicab riders in this legislation is the de-regulation of taxicab fares for trips booked through digital dispatch services. Today, taxicabs in the District must charge the Commission's regulated fare, regardless of whether the vehicle was arranged through a street-hail, traditional dispatch, or digital dispatch. The need for a uniform rate, however, lies in the inability of a passenger to negotiate fares among several taxicab companies while attempting to hail a vehicle on the street. Additionally, there are additional inefficiencies in attempting to call multiple taxi companies for pre-arranged dispatch service to receive rates that may vary among many companies and could potentially change from the time of request to the time of pickup, which may be as long as 24 hours later. Technological barriers also exist in ensuring that a customer who would call a dispatch company and receive a particular rate would actually be charged that same rate by the individual driver summoned to pick that person up, as taxicab drivers cannot manipulate their rates through the meter from trip to trip.

With the advent of the internet and smartphones, however, the amount of transparency that can be provided to customers regarding price has improved dramatically. A customer can now, through digital dispatch or the internet, before ever choosing to book a trip: view the rate being charged and the calculation method, receive an estimated fare, and view any applied surge pricing or additional charges. The fare is then calculated through the smart phone's GPS metering (rather than an in-car meter), and the customer is immediately emailed a receipt at the conclusion of the ride, with customer complaint contact information built into the phone application.<sup>7</sup> This gives a customer all the information he or she needs to make an informed decision on price. This is precisely why in 2012 the Council allowed such dynamic pricing to be available for trips booked through digital dispatch service other than taxicabs. After reevaluating these policies, however, the Committee believes there is no good policy reason why taxicabs that are booked by such methods should not also be able to charge fares that are higher or lower than the Commission's set fare for street-hail service. As digital dispatch services have proliferated into the taxicab market, this legislation would allow a company that provides digital dispatch to set its own fares for any trip that is booked through that service, including taxicabs. The only fares that will still be required to be charged pursuant to the Commission's uniform regulated rates are those trips arranged by street hail or traditional telephone dispatch. Such a change provides an immense opportunity for taxicab drivers to remain competitive against emerging for-hire services, may lead to lower prices for customers, and improves customer choice. It is also a change that is strongly supported by DCTC.

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<sup>7</sup> Many companies even round down to the next lowest dollar amount as an additional bonus to passengers.

## **Miscellaneous Provisions**

### *Taxicab-Related Changes*

Beyond the de-regulation of taxicabs booked through a digital dispatch service, this legislation also introduces a few minor changes to taxicab-related provisions in the law. First, the legislation requires DCTC to create a notice to be posted in all taxicabs stating that all taxicabs are required to accept credit cards through the taxicab meter system and must have a functioning machine. This has been an issue since the installation of mandatory credit card acceptance in 2013. Pursuant to a Freedom of Information Act request, a local media outlet obtained a copy of every complaint filed with DCTC in the first six months of 2014.<sup>8</sup> 271 of those 650 complaints mentioned issues with credit card machines, including claims of operation of the taxicab while the machine was not functioning and refusal to accept credit or debits cards for payment. It is clear that some drivers are attempting to undermine the requirement to accept credit cards by playing on customers' (who are often tourists) naiveté about what is required of drivers. This change will help to eliminate this practice in the District.

Next, the legislation reduces the number of times that a taxicab must have a safety inspection through the Department of Motor Vehicles, from 2 times per year to 1 time per year. Because of vehicle age requirements put into place by DCTC, taxicabs in the District are newer and safer than ever before. By reducing this requirement, this bill helps to reduce the burden and cost on District taxicab drivers.

### *Payment of 1% of Gross Receipts*

This legislation requires a company that provides digital dispatch service to a private vehicle-for-hire or a public vehicle-for-hire other than a taxicab, transmit 1% of gross receipts from all trips that physically originate in the District to the Office of the Chief Financial Officer (OCFO) to be deposited in the Public Vehicles-for-Hire Consumer Service Fund, which is the O-type account that funds DCTC's budget. As newer services for-hire proliferate in the District, it is reasonable to require such services to also contribute to this fund. The companies are required to certify that the funds submitted are consistent with the amount collected for the number of trips taken, and the OCFO has the authority to inspect records to ensure compliance, provided that such records are proprietary and not subject to a Freedom of Information Act request. This FOIA exemption extends to funds collected by payment service providers through the taxicab meter system. Additionally, the Mayor is authorized under this legislation to impose penalties for false representations regarding the submission of certifications of the amount collected.

### *Requirement that Mayor Analyze Reciprocity Agreements*

Finally, the bill requires the Mayor to update the reciprocity agreements that are in effect for public vehicle-for-hire service in the District, with a report on the Mayor's progress due to the Council by June 30, 2015. Reciprocity agreements govern how public vehicles-for-hire

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<sup>8</sup> See "ABC7 I-Team: D.C. Taxicab Complaints Detail Bad Driver Behavior Behind the Wheel," ABC7 News. Sept. 24, 2014, available at <http://www.wjla.com/articles/2014/09/abc7-i-team-d-c-taxicab-complaints-detail-bad-driver-behavior-behind-the-wheel-107423.html>.

licensed in other jurisdictions may pick-up and drop-off passengers in the District. The Council required DCTC to perform a review of such agreements, with a report due to the Council by June 30, 2013. DCTC did not conduct this report, however, because the authority to negotiate such agreements lies with the Executives of each of the participating jurisdictions (the District and the surrounding counties that comprise the Washington Metropolitan Area), and DCTC believed it was improper for it to make a recommendation on how such agreements should be changed, if at all. Therefore, this is a technical change that requires the Mayor to analyze such agreements, rather than DCTC. The need to re-evaluate these agreements arises from several factors, including that the agreements have not been reevaluated in several decades, as well as the fact that digital dispatch services now conduct business in the most if not all of the participating jurisdictions. For example, companies that provide for-hire service using digital dispatch may have offices in the District but affiliate with public vehicle-for-hire drivers in Virginia, Maryland, and the District, with each jurisdiction having similar yet distinct licensing and regulatory schemes. The present reciprocity agreements place limits on how a vehicle licensed in Virginia may pick up and drop off in the District, and vice versa. As transportation companies become multi-jurisdictional, the need reevaluate the efficacy of such agreements is in order, as there may be synergies to be gained in creating multi-jurisdictional licensing or added benefit to drivers to compete for fares in multiple jurisdictions.

#### CHRONOLOGY OF ACTION

April 4, 2014	Introduction of Bill 20-753 by Councilmembers Cheh and Grosso
April 8, 2014	Referral of Bill 20-753 to the Committee on Transportation and the Environment
April 11, 2014	Notice of Intent to Act on Bill 20-753 is published in the <i>District of Columbia Register</i>
April 25, 2014	Notice of a Public Hearing on Bill 20-753 is published in the <i>District of Columbia Register</i>
May 9, 2014	Notice of a Public Hearing on Bill 20-753 is published in the <i>District of Columbia Register</i>
May 12, 2014	Public Hearing on Bill 20-753 held by the Committee on Transportation and the Environment
October 1, 2014	Consideration and vote on Bill 20-753 by the Committee on Transportation and the Environment

### POSITION OF THE EXECUTIVE

On May 12, 2014, Ron Linton, Chairman of the District of Columbia Taxicab Commission, testified on behalf of the Executive on this legislation. The Committee worked with the Commission to modify and improve the bill. The Committee Print reflects these discussions.

### RECOMMENDATIONS BY ADVISORY NEIGHBORHOOD COMMISSIONS

No Advisory Neighborhood Commission adopted a resolution concerning Bill 20-753 prior to the close of the hearing record.

### LIST OF WITNESSES AND HEARING RECORD

On Monday, May 12, 2014, the Committee on Transportation and the Environment held a hearing on Bill 20-753, the "Private Vehicle-for-Hire Innovation Amendment Act of 2014." A video recording of the hearing can be viewed at [oct.dc.gov](http://oct.dc.gov). The record was open until May 26, 2014. The following witnesses testified at the hearing or submitted statements outside of the hearing:

- Jim Black, Executive VP of Lyft
- Zuhairah Washington, General Manager, Uber DC
- Elizabeth Stevens, General Counsel, Sidecar Technologies, Inc.
- Brandon Lyons, Public Witness
- Kevin Wrege, Pulse Issues & Advocacy LLC
- Dona M. Burney, Ride for Hire
- Aaliyah Sullivan, Public Witness
- Roy Spooner, Yellow Cab Company
- Carol Tyson, United Spinal Association
- Carolyn A. Robinson, Member, DCTC Disability Advisory Committee
- Rachel Jensen, American Insurance Association
- Eric Goldberg, American Insurance Association
- Jeffrey Schaeffer, TransCo. Inc.
- Erin Collins, Director, State Affairs – Mid-Atlantic
- Joel Wood, International Brotherhood of Teamsters
- Royale Simms, International Brotherhood of Teamsters
- Joe Corbett, Public Witness
- Bereket Selassie, Public Witness
- Reagan Rucker, Public Witness
- Addis Gebreselassi, Public Witness
- Mack Gaither, Public Witness
- Lisa Floyd, Public Witness
- Juan Allendes, Public Witness
- Corey Fair, Public Witness

- Amare, Eyassu, Public Witness
- Eric Edmond, Public Witness
- Yoseif Arradu, Public Witness
- Monica Gaither, Public Witness
- Eartha Clark, Public Witness
- Massoud Medghalchi, Dominion of DC PTDA
- Tarik Ubukela, Public Witness
- Kevin Bronfin, Public Witness
- Edward Krauze, District of Columbia Association of Realtors
- Wayne McOwen, District of Columbia Insurance Federation
- Ron Linton, Chair, District of Columbia Taxicab Commission

The Hearing Record for this public hearing is on file with the Office of the Secretary.

### IMPACT ON EXISTING LAW

Bill 20-753 would amend the District of Columbia Taxicab Commission Establishment Act of 1985 to create a new class of for-hire transportation services called Private Vehicles-for-Hire. This bill amends various sections of that act to govern the requirements for such services, how they are to be regulated, as well as the enforcement authority of the District. Additionally, the bill de-regulates taxicab fares booked through a digital dispatch service, requires a notice to be posted in taxicabs regarding acceptance of non-cash payment, creates additional accessibility requirements for digital dispatch services, makes conforming amendments, and amends Title 18 of the DCMR to reduce the number of inspections for taxicabs from twice per year to once per year.

### FISCAL IMPACT

A fiscal impact statement prepared by the Chief Financial Officer and dated October 1, 2014, is attached to this report.

### SECTION-BY-SECTION ANALYSIS

Section 2 amends the District of Columbia Taxicab Commission Establishment Act of 1985 as follows:

Subsection (a) amends the definitions section, including adding new definitions for digital dispatch, private vehicle-for-hire, private vehicle-for-hire company, private vehicle-for-hire operator, and makes slight conforming modifications to definitions of public vehicle for hire and vehicle inspection officers

Subsection (b) makes conforming amendments clarifying that the Commission's oversight of vehicle inspection officers and its internal complaint system includes private vehicles-for-hire.

Subsection (c) requires the Mayor to update its reciprocal agreements with other jurisdictions for for-hire service.

Subsection (d) makes conforming amendments clarifying the Commission's complaint procedures to include private vehicles-for-hire.

Subsection (e) makes a conforming change and repeals a reference to a repealed section.

Subsection (f) expands the Commission's authority to receive complaints against for-hire services to include private vehicles-for-hire and makes conforming changes.

Subsection (g) directs funds collected by the Office of the Chief Financial Officer from private vehicle for-hire companies to be deposited in the Consumer Service Fund and makes a conforming change.

Subsection (h) requires the Commission to create a notice to be posted in taxicabs notifying passengers that taxicabs are required to accept non-cash payment.

Subsection (i) prohibits the Commission from requiring companies that provide digital dispatch service for sedan-class vehicles to provide vehicle lists or inventories of vehicles or operators and outlines the requirements for vehicles that may be used as sedan-class vehicles.

Subsections (j), (k), and (l) redesignate existing sections.

Subsection (m) adds new sections 25, 26, 27, 28, 29, 30, and 31 as follows: subsection (m) creates a new section 25 that governs private vehicles-for-hire, including that a private vehicle for hire company must create an application process, maintain a registry of operators and vehicles, provide certain information on its website, verify that safety inspections have been performed, require background checks, establish trade dress, transmit required funds to the OCFO, establish zero tolerance policies against discrimination and the use of drugs and alcohol or being impaired by such while operating a private vehicle-for-hire, maintain records relevant for Commission enforcement purposes, and must submit certain items to the Commission for the purposes of registration; subsection (m) creates a new section 26 that govern requirements for the registration of private vehicle-for-hire operators and vehicles, including that an applicant must submit an application must undergo and satisfy background check requirements, and that vehicles must meet certain requirements; subsection (m) creates a new section 27 that governs the insurance requirements for private vehicles-for-hire, including requirements that private vehicle-for-hire companies to submit proof of insurance to the Commission, provides disclosure requirements for private vehicle-for-hire companies to the affiliated operators, and requires the Mayor, after one year, to assess whether the insurance requirements are appropriate and report its findings to the Council; subsection (m) creates a new

section 28 that requires the establishment of trade dress for use on all private vehicles-for-hire; subsection (m) creates a new section 29 that governs private vehicle-for-hire operators, including that an operator shall not accept or solicit street hails, that operators must use the established trade dress any time the operator provides service, that an operator must possess a valid driver's license from the District, Maryland, or Virginia, that an operator must possess proof of insurance, and must be 21 years of age; subsection (m) creates a new section 30 that establishes how private vehicles-for-hire may charge; finally, subsection (m) creates a new section 31 that governs the Commission's enforcement and regulation authority, including that a private vehicle-for-hire company shall certify that it is in compliance with all requirements and that the Commission may inspect and copy records to ensure compliance and authorizes the Mayor to impose fines and penalties for non-compliance or false or misleading representations in certifying its compliance.

Subsection (n) gives vehicle inspection officers the authority to make traffic stops of private vehicles-for-hire and may inspect electronic records of trips to verify that a ride was pre-arranged through the digital dispatch service.

Subsection (o) makes amendments to requirements for companies that provide or use digital dispatch service for public and private vehicles-for-hire, including that companies that provide digital dispatch for taxicabs may set fares different from Commission-regulated street-hail fares, provided that the companies meet certain fare transparency requirements, requires companies that provide digital dispatch to classes of vehicles other than taxicabs submit 1% of gross receipts to the OCFO to be deposited in the Consumer Service Fund, sets limits on surge pricing during states of emergency declared by the Mayor, clarifies that an operator may contract with multiple companies that provide digital dispatch service, clarifies that electronic manifests contained in electronic devices need not include a customer's destination until the completion of the trip, and limits the transmission of data to the Commission by companies that provide digital dispatch service.

Subsection (p) add new sections 34 and 35; section 34 requires companies that provide digital dispatch to ensure accessibility of websites and applications to those who are blind, deaf, and hard of hearing, to provide a report to the Committee on how it plans to expand accessibility to individuals with disabilities, prohibits companies from imposing special charges for those with disabilities or require an attendant to be present, requires companies to slow mobility devices if possible, and prohibits charging a cancellation fee for inability to accommodate the storage of mobility equipment; section 35 requires accessibility training for employees and operators affiliated with companies that provide digital dispatch.

Subsection (q) expands the Commissions complaint authority to include all private and public vehicles-for-hire, not just taxicabs.

Subsection (r) expands the infraction of fleeing from a vehicle inspection officer to include all private and public vehicles-for-hire.

Section 3 amends the 2005 District of Columbia Omnibus Authorization Act to make a conforming amendment allowing taxicabs affiliated with a company that uses digital dispatch to have rates that are different from rates established by the Commission.

Section 4 amends Title 47, section 2929 of the D.C. Official Code to exclude private vehicles-for-hire operators from an individual license requirement and to clarify that residents of the Washington Metropolitan Area are eligible for public vehicle-for-hire licenses.

Section 5 amends Title 18 of the District of Columbia Municipal Regulations to decrease the number of safety inspections required for taxicabs from two-times per year to one-time per year.

Section 6 contains the applicability date.

Section 7 adopts the fiscal impact statement.

Section 8 contains the effective date.

### COMMITTEE ACTION

On October 1, 2014, the Committee on Transportation and the Environment convened a mark-up on Bill 20-753, the "Private Vehicle-for-Hire Innovation Amendment Act of 2014." Present and voting were Chairperson Mary M. Cheh and Councilmembers... Chairperson Cheh gave a brief opening statement that explained the bill.

Councilmember Graham introduced three amendments to the legislation. The first amendment would have limited the number of fines that a vehicle inspection officer can issue to a driver to no more than two violations and one warning at a single stop. Councilmember Graham argued that a driver had experienced treatment from a vehicle inspection officer that resulted in six tickets, and believed such treatment was excessive. Chairperson Cheh responded that in some cases it may be necessary to give more than two infractions in a single stop based on the particular circumstances. The Committee voted to reject the amendment 1-3-1 with members voting as follows:

YES: Graham

NO: Cheh, Grosso, McDuffie

ABSTAIN: Wells

The second amendment Councilmember Graham introduced would have limited the amount of a fine that could be issued against a public or private vehicle-for-hire operator that is properly registered to operate to \$250. Councilmember Graham explained that fines are excessively high and represent a disproportionate amount of a driver's income. Councilmember Cheh argued that there are many violations, such as discrimination or harassment that are sufficiently egregious that they may require fines higher than \$250. Councilmember Wells then

explained that he was abstaining from the first two amendments on the grounds that he believes the vehicle inspection model is failed and he did not have an opinion about whether making changes to a failed system with regard to fines was appropriate or inappropriate. The Committee voted to reject the amendment 1-3-1 with members voting as follows:

YES: Graham

NO: Cheh, Grosso, McDuffie

ABSTAIN: Wells

The final amendment Councilmember Graham introduced would have required companies that provide digital dispatch service to provide inventories of associated operators and vehicles to the Commission. Councilmember Graham discussed wanting to make a more level playing field and argued that the bill sets up a system whereby there is one set of rules for one class of drivers and another set of rules for another. Councilmember Wells noted that he believed that the regulatory model for for-hire vehicles in the District has failed and that we should not apply a failed system to a system that appears to be working well. Councilmember Cheh noted that requiring vehicle inventories provides a burden on private vehicle-for-hire companies because drivers move on and off the system very quickly and that it would be difficult to maintain accurate inventories at DCTC such that it would aid enforcement. The Committee voted to reject the amendment 1-4-0 with members voting as follows:

YES: Graham

NO: Cheh, Grosso, McDuffie, Wells

Chairperson Cheh then moved for approval of the Committee print of Bill 20-753. The Committee voted 4-1 to approve the Committee print with the members voting as follows:

YES: Cheh, Grosso, McDuffie, Wells

NO: Graham

PRESENT:

Chairperson Cheh then moved for approval of the Committee report on Bill 20-753. The Committee voted 4-1 to approve the Committee report with members voting as follows:

YES: Cheh, Grosso, McDuffie, Wells

NO: Graham

PRESENT:

The meeting was adjourned.

**LIST OF ATTACHMENTS**

- (A) Bill 20-753, as introduced
- (B) Fiscal Impact Statement
- (C) Legal Sufficiency Determination
- (D) Comparative Print of Bill 20-753
- (E) Committee Print of Bill 20-753

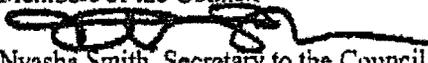
ATTACHMENT A

**COUNCIL OF THE DISTRICT OF COLUMBIA**  
**1350 Pennsylvania Avenue, N.W.**  
**Washington D.C. 20004**

Memorandum

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To : Members of the Council

From :   
Nyasha Smith, Secretary to the Council

Date : April 08, 2014

Subject : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Friday, April 4, 2014. Copies are available in Room 10, the Legislative Services Division.

TITLE: "Transportation Network Services Innovation Act of 2014", B20-0753

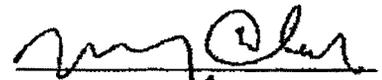
INTRODUCED BY: Councilmembers Cheh and Grosso

The Chairman is referring this legislation to the Committee on Transportation and the Environment.

Attachment

cc: General Counsel  
Budget Director  
Legislative Services

1   
2 Councilmember David Grosso

  
Councilmember Mary M. Cheh

3  
4  
5  
6 A BILL

7  
8  
9  
10 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

11  
12  
13  
14  
15 Councilmembers Mary M. Cheh and David Grosso introduced the following bill, which was  
16 referred to the Committee on \_\_\_\_\_.

17  
18 To define transportation network application companies, operators, and services, to create  
19 registration provisions for operators, to require background checks for operators, to  
20 prohibit street hails by operators, to require transportation network application companies  
21 to conduct background checks, inspect vehicles, establish zero tolerance policies for  
22 drugs and alcohol, transmit the passenger surcharge to the Taxicab Commission, to  
23 maintain commercial insurance for operators, to create provisions for charging for  
24 services; to amend the District of Columbia Taxicab Commission Establishment Act of  
25 1985 to deregulate fares for taxicabs arranged through digital dispatch services, to clarify  
26 data and surcharge transmission requirements, to require a notice to be posted in all  
27 taxicabs regarding acceptance of credit cards, and to require the Taxicab Commission to  
28 provide notice of suspended or revoked for-hire licenses to digital dispatch services; and  
29 to amend Title 18 of the District of Columbia Municipal Regulations to reduce the  
30 inspection requirement for taxicabs from semi-annually to annually.

31  
32 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this  
33 act may be cited as the "Transportation Network Services Innovation Act of 2014".

34 Sec. 2. Definitions.

35 (a) For the purposes of this act, the term:

36 (1) "Transportation network application company" shall mean a company  
37 operating in the District of Columbia that uses a digital network or software application to

1 connect a passenger to transportation network services provided by a transportation network  
2 operator.

3 (2) "Transportation network operator" shall mean an individual who operates a  
4 motor vehicle that is:

5 (A) Owned or leased by the individual;

6 (B) Not a commercial vehicle as defined by section 2(3) of the Uniform  
7 Classification and Commercial Driver's License Act of 1990, effective September 20, 1990  
8 (D.C. Law 8-161; D.C. Official Code § 50-401);

9 (C) Not licensed as a public vehicle-for-hire under section 20 of the  
10 District of Columbia Taxicab Establishment Act of 1985, effective March 25, 1986 (D.C. Law 6-  
11 97; D.C. Official Code § 50-319) and D.C. Official Code § 47-2829; and

12 (D) Used to provide transportation network services.

13 (3) "Transportation network services" shall mean transportation of a passenger  
14 between points chosen by the passenger and that is prearranged by a transportation network  
15 application company.

16 Sec. 3. Registration.

17 (a) An individual may submit an application to a transportation network application  
18 company for registration as a transportation network operator.

19 (b) A transportation network application company shall approve or deny an application  
20 submitted under subsection (a) of this section within 60 days after the application has been  
21 submitted.

22 (c) Before approving an application submitted under subsection (a) of this section, a  
23 transportation network company shall:

1           (1) Conduct, or have a third party conduct, a local and national criminal  
2 background check for each applicant that shall include:

3                   (A) Multi-State/Juris Criminal Records Locator or other similar  
4 commercial nationwide database with validation (primary source search); and

5                   (B) National Sex Offender Registry database; and

6           (2) Conduct, or have a third party conduct, a driving record check for each  
7 applicant.

8           (d) A transportation network application company shall not approve an application  
9 submitted under subsection (a) of this section and shall permanently disqualify an applicant who:

10                   (1) As shown in the local or national criminal background check required under  
11 subsection (c)(1) of this section, has been convicted within the past 7 years of:

12                           (A) An offense defined as a crime of violence under D.C. Code § 23-  
13 1331(4);

14                           (B) An offense under Title II of Chapter 30 of the Anti-Sexual Abuse Act  
15 of 1994, effective May 23, 1995 (D.C. Law 10-257; D.C. Official Code § 22-3002 *et seq.*);

16                           (C) An offense under section 3 of the District of Columbia Protection  
17 Against Minors Act of 1982; effective March 9, 1983 (D.C. Law 4-173; D.C. Official Code § 22-  
18 3103);

19                           (D) Robbery or an attempt to commit robbery under An Act To establish a  
20 code of law for the District of Columbia, approved March 3, 1901 (31 Stat. 1189; D.C. Official  
21 Code §§ 22-801 and 22-802);

1 (E) Felony fraud or identity theft under sections 121 or 127b, respectively,  
2 of the District of Columbia Theft and White Collar Crimes Act of 1982, effective December 1,  
3 1982 (D.C. Law 4-164; D.C. Official Code §§ 22-3221, 22-3227.02); or

4 (F) An offense under the law of any state, under federal law, or under the  
5 law of any other jurisdiction, which involved conduct that would constitute an offense described  
6 in subparagraphs (A) through (E) of this paragraph if committed in the District;

7 (2) Is a match in the National Sex Offender Registry database;

8 (3) As shown in the driving record check required under subsection (c)(2) of this  
9 section, has been convicted within the past 7 years for:

10 (A) Aggravated reckless driving under section 9(b-1) of the District of  
11 Columbia Traffic Act, 1925, approved March 3, 1925 (43 Stat. 1123; D.C. Official Code § 50-  
12 2201.04(b-1));

13 (B) Fleeing from a law enforcement officer in a motor vehicle under  
14 section 10b of the District of Columbia Traffic Act, 1925, approved March 3, 1925 (43 Stat.  
15 1123; D.C. Official Code § 50-2201.05b);

16 (C) Leaving after colliding under section 10c of the District of Columbia  
17 Traffic Act, 1925, approved March 3, 1925 (43 Stat. 1123; D.C. Official Code § 50-2201.05c);

18 (D) Negligent homicide under section 802(a) of An Act To amend an Act  
19 of Congress entitled "An Act to establish a code of law for the District of Columbia". approved  
20 March 3, 1901, as amended by adding three new sections to be numbered 802(a), 802(b), and  
21 802(c), respectively, approved June 17, 1935 (49 stat. 385; D.C. Official Code §50-2203.01);

22 (E) Driving under the influence of alcohol or a drug, driving a commercial  
23 vehicle under the influence of alcohol or a drug, or operating a vehicle while impaired under

1 sections 3b, 3c, or 3e, respectively, of the Anti-Drunk Driving Act of 1982, effective September  
2 14, 1982 (D.C. Law 4-145; D.C. Official Code §§ 50-2206.11, 50-2206.12, and 50-2206.14);

3 (F) Use of a motor vehicle to commit a crime; and

4 (G) An offense under the law of any state, under federal law, or under the  
5 law of any other jurisdiction, which involved conduct that would constitute an offense described  
6 in subparagraphs (A) through (F) of this paragraph if committed in the District; or

7 (4) As shown in the driving record check required under subsection (c)(2) of this  
8 section, has been convicted within the past three years for driving with a suspended or revoked  
9 license under section 13(e) of the District of Columbia Traffic Act, 1925, approved March 3,  
10 1925 (43 Stat. 1123; D.C. Official Code § 50-1403.01(e)).

11 Sec. 4. Requirements for transportation network application companies.

12 (a) A transportation network application company shall:

13 (1) Create an application process for a person to apply for registration as a  
14 transportation network operator;

15 (2) Maintain a current registry of the transportation network application  
16 company's transportation network operators;

17 (3) Provide the following information on its website:

18 (A) The transportation network application company's customer service  
19 telephone number or electronic mail address;

20 (B) The transportation network application company's zero tolerance  
21 policy established under paragraph (9) of this section;

22 (C) The procedure for reporting a complaint about an individual who a  
23 passenger suspects violated the zero tolerance policy under paragraph (8) of this section; and

1 (D) A complaint telephone number and electronic mail address for the  
2 District of Columbia Taxicab Commission;

3 (4) Conduct, or have a third party conduct, a safety inspection of the motor  
4 vehicle that a transportation network operator will use before the motor vehicle may be used to  
5 provide transportation network services;

6 (5) Establish a uniform logo, insignia, decal or trade dress for use on a motor  
7 vehicle at any time a motor vehicle is providing or arranging to provide transportation network  
8 services;

9 (6) Transmit the per trip passenger surcharge to the Office of the Chief Financial  
10 Officer as required under section 20a of the District of Columbia Taxicab Commission  
11 Establishment Act of 1985, effective March 25, 1986 (D.C. Law 6-97; D.C. Official Code § 50-  
12 320) on a quarterly basis, and certify under penalty of perjury that the amount transmitted is  
13 consistent with the number of completed trips arranged through the digital network or software  
14 application. Subject to reasonable confidentiality obligations and applicable confidentiality laws,  
15 the Office of the Chief Financial Officer may inspect records of the transportation network  
16 application company to investigate compliance with the requirements of this paragraph;  
17 provided, that any records disclosed to the Office of the Chief Financial Officer in an  
18 investigation shall not be subject to disclosure to a third party, including through a request  
19 submitted pursuant to the District of Columbia Freedom of Information Act, codified at D.C.  
20 Code § 2-531 *et seq.*

21 (7) Maintain a commercial liability insurance policy that:

22 (A) Provides coverage of at least \$1,000,000 per incident for accidents  
23 involving a transportation network operator from the time the operator accepts a trip request until

1 the completion of a trip, regardless of whether the operator maintains personal insurance  
2 adequate to cover any portion of a claim;

3 (B) Provides uninsured/underinsured motorist coverage of at least  
4 \$1,000,000 per incident;

5 (C) Provides contingent comprehensive and collision coverage of at least  
6 \$50,000 for physical damage to a transportation network operator vehicle during the course of  
7 providing transportation network services; and

8 (D) During the time that a transportation network operator is available for  
9 service but not providing service, provides additional bodily injury coverage of at least \$50,000  
10 per person and at least \$100,000 per accident, and coverage of at least \$25,000 for property  
11 damage per accident, in the event that the operator's personal insurance policy does not pay.

12 (8) Establish a zero tolerance policy on the use of drugs or alcohol while  
13 transportation network operator is arranging to provide or is providing transportation network  
14 services;

15 (9) Immediately suspend a transportation network operator upon receiving a  
16 passenger complaint alleging that the operator violated the zero tolerance policy. Such  
17 suspension shall last the duration of the investigation;

18 (10) Conduct an investigation when a passenger alleges that an operator violated  
19 the zero tolerance policy required by paragraph (9);

20 (11) Maintain records relevant to the requirements of this section for the purposes  
21 of enforcement; and

22 (12) Submit to the District of Columbia Taxicab Commission:

23 (A) Proof that the company is licensed to do business in the District;

1 (B) Proof that the company maintains a registered agent in the District;

2 (C) Proof that the company maintains a website that includes the  
3 information required by paragraph (3) of this section;

4 (D) Proof that the company has established a uniform logo, insignia, decal,  
5 or trade dress required by paragraph (5) of this section; and

6 (E) A certification under penalty of perjury that the company has complied  
7 with the requirements of this act; provided, that the District of Columbia Taxicab Commission  
8 shall not impose any registration, licensure, certification, or other similar requirements for  
9 transportation network application companies to operate in the District of Columbia that exceed  
10 the requirements set forth in this subsection.

11 (b) A transportation network application company shall not provide personal information  
12 about a passenger to a transportation network operator, including a passenger's full name, email  
13 address, or telephone number.

14 Sec. 5. Requirements for transportation network operators.

15 (a) A transportation network operator shall:

16 (1) Exclusively accept rides booked through a ride-sharing network's digital  
17 platform and shall not solicit or accept street-hails;

18 (2) Use the required logo, insignia, or trade dress required by section 4(6) of this  
19 act at any time that the operator uses his or her motor vehicle to provide or is arranging to  
20 provide transportation network service;

21 (3) Possess a valid driver's license;

22 (4) Possess proof of registration for the motor vehicle used for transportation  
23 network services;

1 (5) Possess proof of motor vehicle insurance for the motor vehicle used for  
2 transportation network services; and

3 (6) Be at least 21 years of age.

4 (b) If an accident occurs involving a motor vehicle that is being used for transportation  
5 network services, including when the transportation network operator is logged into or otherwise  
6 using the software application or network, the transportation network operator shall provide  
7 proof of the operator's:

8 (1) Personal insurance; and

9 (2) Excess liability coverage; provided, that a transportation network operator  
10 shall have 24 hours to provide proof of excess liability coverage.

11 Sec. 6. Charges.

12 (a) A transportation network application company may offer service at no-charge, suggest  
13 a donation, or charge a fare; provided, that if a fare is charged, a transportation network  
14 application company shall disclose the fare calculation method, the applicable rates being  
15 charged, and the option for an estimated fare to a passenger before the passenger arranges a trip  
16 with the transportation network application company.

17 (b) Upon completion of a trip, a transportation network company shall transmit an  
18 electronic receipt to the passenger's electronic mail address or mobile application that lists:

19 (A) The origin and destination of the trip;

20 (B) The total time and distance of the trip; and

21 (C) A breakdown of the total fare paid, if any.

22 Sec. 7. Enforcement.

1 (a) The District of Columbia Taxicab Commission shall have the authority to enforce the  
2 requirements of this act, including through inspection of relevant records; provided, that any  
3 records disclosed to the Commission under this paragraph shall not be subject to disclosure to a  
4 third party by the Commission, including through a request submitted pursuant to the District of  
5 Columbia Freedom of Information Act, codified at D.C. Code § 2-531 *et seq.*

6 (b) Failure to adhere to the requirements of this section by a transportation network  
7 application company or operator may result in sanction by the Commission, including fines and  
8 other penalties, pursuant to its authority in Section 8 of the District of Columbia Taxicab  
9 Commission Establishment Act of 1985, effective March 25, 1986 (D.C. Law 6-97; D.C. Official  
10 Code § 50-307.

11 (c) Except for the rules and regulations necessary to enforce the provisions of this act,  
12 transportation network application companies, operators, and services shall be exempt from  
13 regulation by the Commission, including any rules or regulations requiring a transportation  
14 network company to:

15 (1) Collect or transmit data or information about a customer or a customer's trip  
16 to the Commission; or

17 (2) Provide the Commission with a list or inventory of drivers or vehicles that are  
18 associated with a transportation network application company.

19 Sec. 8. The District of Columbia Taxicab Commission Establishment Act of 1985,  
20 effective March 25, 1986 (D.C. Law 6-97; D.C. Official Code § 50-301 *et seq.*), is amended as  
21 follows:

22 (a) Section 4 (D.C. Official Code § 50-303) is amended as follows:

1 (1) Paragraph (21) is amended by striking the phrase "Commission." and inserting  
2 the phrase "Commission; provided, that the rates charged by a taxicab hired by digital dispatch  
3 shall either be calculated by a Commission-approved meter with uniform rates or may conform  
4 with the digital dispatch rate requirements of section 201." in its place.

5 (b) Section 20g (D.C. Official Code § 50-326) is amended by adding a new subsection (c)  
6 to read as follows:

7 "(c)(1) The Commission shall create a notice to be posted in all taxicabs. The  
8 notice shall be posted in a conspicuous location in clear view of passengers of the taxicab. The  
9 notice shall be at least 5 inches by 7 inches in size, and shall state the following: 'This taxicab  
10 must accept credit cards through the approved DCTC modern taximeter system. A taxicab shall  
11 not operate without a functioning taximeter system. Failure to accept a credit card is a violation  
12 of the law and is punishable by fine. Please report violations to the District of Columbia Taxicab  
13 Commission at 855-484-4966 or [dctaxi.dc.gov](http://dctaxi.dc.gov). The only driver identification required to file a  
14 complaint is the four-digit identifier on the driver's vehicle dome light.'

15 "(c)(2) To obtain a copy of the notice required to be posted under this section, the  
16 owner or operator of a taxicab required to post the notice shall:

17 "(A) Print the notice from the Commission website; or

18 "(B) Request that the sign be mailed for the cost of printing and first-class  
19 postage.

20 "(c)(3) The Commission shall provide each owner or operator of a taxicab with  
21 notice of mandatory compliance with this subsection.

22 "(c)(4) Failure by a taxicab to post the notice required under this subsection shall  
23 be subject to a fine of \$250 per violation."

1 (c) Section 201 (D.C. Official Code § 50-329.02) is amended as follows:

2 (1) Subsection (b) is amended as follows:

3 (A) The lead-in language is amended to read as follows:

4 “(b) A digital dispatch service shall be exempt from regulation by the  
5 Commission, other than the rules and regulations issued pursuant to paragraphs (1)-(13) of this  
6 subsection and subsections (d), (e), and, (f) of this section. Any rules and regulations shall  
7 protect the personal privacy rights of customers and drivers, shall not result in the disclosure of  
8 confidential business information, and shall be limited to ensuring compliance with only the  
9 following.”.

10 (B) Paragraph (1) is amended to read as follows:

11 “(1) If the digital dispatch service connects a customer to a taxicab, the  
12 fare may be calculated in accordance with the taxicab fare structure established by the  
13 Commission through an approved taxicab meter system or through a time and distance charge set  
14 by the digital dispatch service; provided, that before booking a trip, the digital dispatch service  
15 shall disclose the fare calculation method, the applicable rates being charged, and provide the  
16 option for an estimated fare to the customer.”.

17 (C) Paragraph (5) is amended by striking the phrase “customer shall  
18 receive a paper or electronic receipt” and insert the phrase “digital dispatch service shall send an  
19 electronic receipt to the customer’s electronic mail address on file with the service” in its place.

20 (D) Paragraph (10) is amended by striking the phrase “email address.”  
21 And inserting the phrase “email address; provided, that the Commission shall not impose any  
22 registration, licensure, certification, or other similar requirements for digital dispatch service to  
23 operate in the District that exceed the requirements set forth in this paragraph.”.

1 (E) New paragraphs (11), (12), and (13) are added to read as follows:

2 “(11) The digital dispatch service shall not provide personal information  
3 about a passenger to an operator providing digital dispatch service, including a passenger’s full  
4 name, email address, or telephone number.

5 “(12) The digital dispatch service shall transmit, or contract with a third  
6 party to transmit, the per trip passenger surcharge to the Office of the Chief Financial Officer as  
7 required under section 20a on a quarterly basis, and certify under penalty of perjury that the  
8 amount transmitted is consistent with the number of completed trips arranged through the digital  
9 dispatch service; provided that the amount transmitted shall be considered confidential business  
10 information.

11 “(13) Subject to reasonable confidentiality obligations and applicable  
12 confidentiality laws, the Office of the Chief Financial Officer may inspect records of the digital  
13 dispatch service to investigate compliance with the requirements of paragraph (12) of this  
14 section; provided that any records disclosed to the Office of the Chief Financial Officer under  
15 this paragraph shall not be subject to disclosure to a third party, including through a request  
16 submitted pursuant to the District of Columbia Freedom of Information Act, codified at D.C.  
17 Code § 2-531 *et seq.*”.

18 (2) Subsection (d) is amended by striking the phrase “rule.” and inserting the  
19 phrase “rule. The term “digital dispatch service” shall not include a transportation network  
20 application company as defined by section 2 of the Transportation Network Services Innovation  
21 Amendment Act of 2014; provided, that a company may provide digital dispatch service and  
22 transportation network service using the same software or application platform in compliance  
23 with the requirements for each category of service.”.

1 (3) New subsections (c) and (f) are added to read as follows:

2 “(c) The Commission shall periodically provide each digital dispatch service  
3 operating in the District with a list of drivers whose operating authority has been suspended or  
4 revoked and shall not require a digital dispatch service to provide a list or inventory of drivers or  
5 vehicles associated with the digital dispatch service. The digital dispatch service shall  
6 immediately suspend or revoke an operator’s access to the digital dispatch service software or  
7 application upon notice that the driver’s operating authority has been suspended or revoked by  
8 the Commission.

9 “(f) The Commission shall not require a digital dispatch service to collect or  
10 transmit data or information about a customer or a customer’s trip; provided, that data collected  
11 by the taxicab smart meter system shall be transmitted to the Commission without regard to  
12 whether a trip was arranged through a digital dispatch service.”

13 Sec. 9. Section 47-2829 of the District of Columbia Official Code is amended as follows:

14 (a) A new subsection (k) is added to read as follows:

15 “(k) This section shall not apply to transportation network operators providing  
16 transportation network services pursuant to the Transportation Network Services Innovation Act  
17 of 2014.

18 Sec. 10. Subsection 601.4(c) of Title 18 of the District of Columbia Municipal  
19 Regulations (18 DCMR § 601.4(e)) is amended by striking the phrase “semi-annually” and  
20 inserting the phrase “annually” in its place.

21 Sec. 11. Fiscal impact statement.

1           The Council adopts the fiscal impact statement in the committee report as the fiscal  
2 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,  
3 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(e)(3)).

4           Sec. 12. Effective date.

5           This act shall take effect following approval by the Mayor (or in the event of veto by the  
6 Mayor, action by the Council to override the veto), a 30-day period of Congressional  
7 review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved  
8 December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the  
9 District of Columbia Register.

ATTACHMENT B

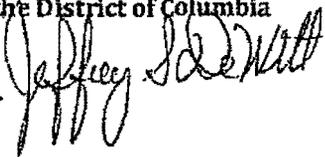
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeff DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer 

**DATE:** October 1, 2014

**SUBJECT:** Fiscal Impact Statement – Vehicle-for-hire Innovation Amendment Act of 2014

**REFERENCE:** Bill 20-753, Draft Committee Print as shared with the Office of Revenue Analysis on September 29, 2014

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**Conclusion**

Funds are not sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill.

One provision in the bill will reduce inspection revenues by \$240,000 in FY 2015 and \$960,000 over the four-year financial plan period. This provision is subject to its inclusion in an approved budget and financial plan.

**Background**

The District of Columbia Taxicab Commission (DCTC) is primarily responsible for regulating and facilitating the *public* vehicle-for-hire industry<sup>1</sup> in the District. The *private* for-hire industry, comprised of companies that provide and operators that use digital dispatch<sup>2</sup> to connect passengers with operators using their private vehicles,<sup>3</sup> is largely unregulated in the District. The bill gives DCTC limited regulatory authority over this industry.

First, the bill gives DCTC greater oversight over the private vehicle-for-hire industry. This includes a charge to foster development of the industry and the authority to enforce violations against those vehicles. DCTC will receive, respond to, and adjudicate complaints for the entire for-hire vehicle

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<sup>1</sup> Including taxicabs, sedans, and limousines.

<sup>2</sup> Hardware and software applications and networks used to provide public and private vehicle-for-hire services.

<sup>3</sup> Examples currently operating in the District include Uber X, Sidecar, and Lyft.

The Honorable Phil Mendelson

FIS: Bill 20-753, "Vehicle-for-hire Innovation Amendment Act of 2014," Draft Committee Print as shared with the Office of Revenue Analysis on September 29, 2014

industry and its inspection officers<sup>4</sup> and hearing examiners will process violations and complaints lodged against the private for-hire vehicle industry.

Second, the bill establishes rules for private vehicle-for-hire companies and operators. For example, the bill requires companies to provide an application process for prospective operators, including a thorough criminal,<sup>5</sup> sex offender,<sup>6</sup> and driving record<sup>7</sup> background check, and institute a zero tolerance policy for operators' use of drugs and alcohol and discriminatory practices.<sup>8</sup> Any violations of the companies' zero tolerance policies should result in the immediate suspension of a driver pending a company directed investigation. The bill also allows companies to set their own pricing schedules including no charges, donations, or fares. However, companies are required to disclose the fare calculation method and must limit surge pricing.<sup>9</sup>

With regard to private vehicle-for-hire operators, they must be twenty-one years of age, licensed to drive in the District, Maryland, or Virginia, and maintain personal motor vehicle insurance. An operator's registration with a private company is deemed sufficient to show the operator is authorized to operate in the District. Operators' vehicles must meet the following requirements: capacity of eight persons or less including the operator; have at least four doors; and be ten model-years of age or less. Lastly, operators are banned from soliciting or accepting street hails.

The bill requires the private company and the operator to obtain minimum levels of insurance coverage. The company can provide the coverage on behalf of the operator, but if the operator pursues his or her own coverage, then the company must verify that the coverage meets the requirements prior to allowing the operator to accept trips.

Private vehicle-for-hire companies are not required to provide DCTC with any information about operators, vehicles, or trips taken using their respective digital dispatch systems. However, companies are required to provide the following to DCTC:

- Proof the company is licensed to do business and maintains a registered agent in the District;
- Confirmation of a common trade dress;<sup>10</sup>
- Proof that required information is posted on the company's website;<sup>11</sup>

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<sup>4</sup> These individuals are currently known as public vehicle inspection officers and the bill is renaming them vehicle inspection officers as part of broadening their authority.

<sup>5</sup> An applicant must be rejected if he or she has been convicted in the last seven years of a violent crime, burglary, robbery, or an attempt to commit robbery, theft in the first degree, felony fraud or identity theft, or a violation of the Anti-Sexual Abuse Act of 1994 or the Protection Against Minors Act of 1982.

<sup>6</sup> An applicant must be rejected if he or she appears in the national sex offender registry.

<sup>7</sup> An applicant must be rejected if he or she has been convicted in the last seven years of aggravated reckless driving, fleeing from law enforcement in a motor vehicle, leaving after colliding, negligent homicide, driving under the influence, or unauthorized use of a motor vehicle; or been convicted in the last three years of driving with a suspended or revoked license.

<sup>8</sup> Including refusal of service based on a protected characteristic or possession of a service animal.

<sup>9</sup> Surge pricing is limited to the base fare multiplied by the next highest multiple below the three highest multiples set on different days in the preceding sixty days.

<sup>10</sup> This is a requirement that private vehicles-for-hire operating under the same company should have a consistent, distinctive, and visible logo, insignia, or emblem.

<sup>11</sup> Required information includes customer service contacts for the company and DCTC, the zero tolerance policy, the process for filing complaints against an operator.

The Honorable Phil Mendelson

FIS: Bill 20-753; "Vehicle-for-hire Innovation Amendment Act of 2014," Draft Committee Print as shared with the Office of Revenue Analysis on September 29, 2014

- Proof that all minimum insurance requirements have been met;
- A description of how the company's system operates;
- Every three months, 1 percent of all gross receipts from trips originating in the District; and
- Every two years, a certification that the company is in compliance with the Vehicle-for-hire Innovation Amendment Act.

A few additional changes, which only apply to the taxicab industry, reduce inspections from twice per year to once per year, allow digital dispatch companies that contract with taxicabs to set their own pricing schedules rather than abide by those set by DCTC for street hails, and require taxicabs to post a notice in their cabs that operation without a functioning taximeter system that accepts multiple forms of payment is illegal. The bill also clarifies the sedan class of public vehicles-for-hire, which are regulated by DCTC to include a seating capacity of ten seats or fewer, fewer than ten model years old, and is not a salvaged or rented vehicle.

#### **Financial Plan Impact**

Funds are not sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill.

Reducing the inspection frequency for taxicabs from semi-annually to annually will reduce Department of Motor Vehicle (DMV) revenues by \$240,000 in FY 2015 and \$960,000 over the four year financial plan period.<sup>12</sup> DMV is unable to absorb this reduction in revenue within its existing resources.

In addition, the bill will impose significant pressures on DCTC's enforcement operation that cannot be quantified at this time. While many of the bill's provisions will be difficult for DCTC to enforce because it has limited enforcement authority over private companies and operators, inspection officers will be able to enforce the street hail ban and reciprocity agreements, some of which is being done at a minimal level today. Unfortunately, the number of private vehicles-for-hire operating in the District, and thus the full scope of enforcement needs, is unknown. DCTC is also expanding its inspection officer team by fourteen in Fiscal Year 2015, so the extra enforcement capacity should help mitigate some of the enforcement pressures in the near term. This risk should be monitored as the private vehicle-for-hire industry expands in the District.

Additionally, because the population of private vehicles-for-hire and the trip and fare information are unknown, the Office of Revenue Analysis is unable to estimate any revenues received from the required payment of 1 percent of gross receipts on a quarterly basis. When those funds are received, they will be deposited into the Public Vehicles-for-Hire Consumer Services Fund.<sup>13</sup> However, DCTC will need to request budget authority in order to expend any of the new revenues.

The remainder of the bill's provisions will affect the private vehicle-for-hire companies and operators and will have no impact on the District's budget and financial plan.

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<sup>12</sup> Taxicabs pay \$35 per inspection; this provision is subject to its inclusion in an approved budget and financial plan.

<sup>13</sup> Taxicab Service Improvement Amendment Act of 2012, effective October 22, 2012 (D.C. Law 19-148; D.C. Official Code § 50-320).

ATTACHMENT C



**OFFICE OF THE GENERAL COUNSEL**

Council of the District of Columbia  
1350 Pennsylvania Avenue NW, Suite 4  
Washington, DC 20004  
(202) 724-6026

**MEMORANDUM**

**TO: Councilmember Mary Cheh**

**FROM: V. David Zvenyach, General Counsel**



Certified by V. David Zvenyach  
General Counsel  
Council of the District of Columbia

**DATE: September 24, 2014**

**RE: Legal sufficiency determination for Bill 20-753, the  
Vehicle-for-hire Innovation Amendment Act of 2014**

This measure is legally and technically sufficient for Council consideration.

Bill 20-753 proposes to amend the District of Columbia Taxicab Commission Establishment Act of 1985 to establish definitions and the legal framework for a private vehicle-for-hire company ("PVH company"), which is an organization that uses a digital network to connect a passenger to an individual who uses the individual's personal motor vehicle to provide vehicle-for-hire service ("PVH" operator). Bill 20-753 proposes requirements for a PVH company, including maintaining a registry of operators and vehicles associated with the company, having a zero tolerance policy for the use of alcohol or illegal drugs by the operator while logged into the digital network, and performing certain background checks on an applicant before the applicant provides services. A PVH company would be required to submit to the D.C. Taxicab Commission ("Commission") proof that it is licensed to do business in the District and to obtain specific insurance.

Bill 20-753 also proposes requirements for a PVH operator, such as satisfactorily completing various background checks and using a vehicle that has at least 4 doors and is no more than 10 model years of age. An operator would be allowed to accept only rides booked through the company's digital platform and could not solicit or accept street hails.

Under Bill 20-753, the Commission would be required to create a notice to be posted in all taxicabs stating that credit cards are accepted and that failure to accept a credit card is a violation of the law punishable by a fine.

Lastly, Bill 20-753 proposes conforming amendments, including to the District of Columbia Omnibus Authorization Act and the District of Columbia Municipal Regulations.

I am available if you have any questions.

VDZ



Ad

Dr. Gridlock

# Virginia officials order Uber, Lyft to stop operating in the state



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By **Lori Aratani** June 5 Follow @loriara

Advertisement

The Uber Technologies Inc. application and logo are displayed on an Apple Inc. iPhone 5s and iPad Air in this arranged photograph in Washington, on Wednesday, March 5, 2014. Uber, a startup that lets drivers pick up passengers with their personal cars and that was valued at \$3.5 billion in a funding round last year, has raised \$307 million from a group of backers that include Google Ventures, Google Inc.'s investment arm, and Jeff Bezos, the founder of Amazon and owner of The Washington Post. Photographer: Andrew Harrer/Bloomberg

*This post has been updated.*

The war between app-based ride-sharing services Uber and Lyft and the state of Virginia is escalating.

Earlier this year, Virginia officials slapped the app-based services with more than \$35,000 in civil penalties for operating with out proper permits. On Thursday, Richard D. Holcomb, commissioner of the

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Virginia Department of Motor Vehicles, sent a cease and desist letter to both companies.

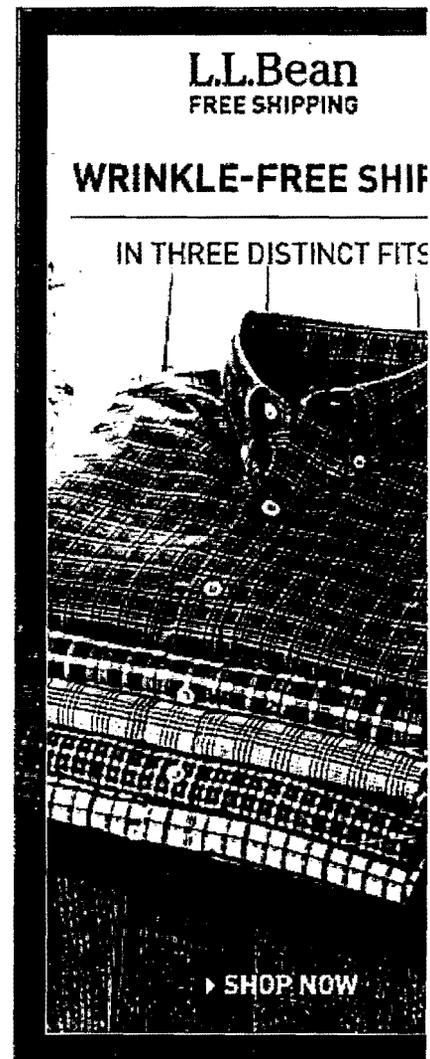
“I am once again making clear that Uber must cease and desist operating in Virginia until it obtains proper authority,” Holcomb said in the letter. (You can see copies of both letters below)

Officials at both companies said they will continue to operate in the state, despite Thursday’s order.

“We’ve reviewed state transportation codes and believe we are following the applicable rules,” Lyft spokeswoman Chelsea Wilson said in an e-mailed statement. “We’ll continue normal operations as we work to make policy progress.

She added that: “Virginia residents have enthusiastically embraced Lyft as an affordable and reliable transportation alternative that increases safety by going above and beyond what is required by existing transportation services. As many of the current regulations surrounding taxis and limos were created before anything like Lyft’s peer-to-peer model was ever imagined, we’re committed to continuing to work with state officials to craft new rules for this new industry. We truly believe that if we approach situations like this positively and collaboratively, we can work together with local leaders to greatly improve transportation access, safety and affordability.”

Even though Holcomb noted in his letter that the department has been warning Uber about the state’s



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rules for more than six months, a spokesperson for the company called the state's actions, "shocking and unexpected."

"Uber has been providing Virginians with safe, affordable and reliable transportation options for months and has continued to work in good faith with the DMV to create a regulatory framework for ridesharing," Taylor Bennett wrote in an emailed response. "We look forward to continuing to work with the Virginia DMV to find a permanent home for ridesharing in the Commonwealth."

With its action, Virginia joins a growing number of states that have banned or sought to limit the app-based services from operating. In Maryland, Uber is currently appealing a decision by the state's chief public utility law judge that said it must file an application to operate as a for-hire carrier.

The companies however, have found a much warmer reception in the District, where the D.C. Council is considering legislation that would allow them to operate as long as they follow certain requirements.

The letter sent to Lyft:

Lyft Cease and Desist

(<http://www.virginia.gov/>)

**For Immediate Release:** August 6, 2014

**Contacts:** Office of the Governor: Brian Coy Title: Press Secretary Email: [Brian.Coy@governor.virginia.gov](mailto:Brian.Coy@governor.virginia.gov) |  
Office of the Attorney General: Michael Kelly Title: Communications Director Email: [mkelly@oag.state.va.us](mailto:mkelly@oag.state.va.us)

## Virginia Reaches Temporary Agreement to Allow Safe, Regulated Operation of Uber and Lyft

~Transportation network companies to come into compliance with Virginia law~

**RICHMOND (August 06, 2014)** – Governor Terry McAuliffe and Attorney General Mark R. Herring announced today that the Commonwealth of Virginia has reached an agreement with transportation network companies Uber and Lyft that will help ensure the safety of passengers, bring the companies into compliance with Virginia law, provide transparency into their operations, and promote a level playing field for transportation providers. This temporary legal framework, one of the first of its kind in the nation, is the result of extensive discussions between the companies, the Virginia Department of Motor Vehicles, the McAuliffe administration, and Attorney General Herring's office following the issuance of "cease and desist" letters to the companies on June 5.

"In order for Virginia to remain economically competitive, it is important that we welcome innovative companies like Uber and Lyft and provide them with the resources they need to safely and effectively operate in the Commonwealth," said **Governor McAuliffe**. "Technology – specifically related to smart phones – continues to advance at a rapid pace, and I am pleased that we were able to work together to find a swift solution that will provide Virginia's workers, students, and families with more transportation options."

"I knew there had to be a better way to ensure the safety of Virginia passengers," said **Attorney General Herring**. "These companies offer services that Virginians want, but it just wasn't acceptable for them to operate without complying with regulations or other measures to help ensure the safety of passengers and motorists. I'm proud that we were able to get folks back to the table and get them talking again, and now we've shown that Virginia can be responsive to innovative businesses while promoting public safety and the rule of law. Because of this

cooperation, Virginians are going to have more transportation options that are safer, more transparent, and appropriately regulated. I hope other states will look to Virginia as a model for how to safely integrate the so-called sharing economy."

"Thanks to the leadership of Governor McAuliffe and Attorney General Herring for putting consumers first and embracing innovation, choice and opportunity," **said Justin Kintz, public policy, Uber Technologies, Inc.** "We look forward to continuing to work together to create a permanent home for ridesharing, providing residents and visitors with safe, reliable transportation options."

"Today's agreement allows Lyft to continue providing safe rides and economic opportunity to Virginians as we work with state leaders to secure a permanent future for ridesharing, **said Dave Estrada, VP of Government Relations for Lyft.** "Virginia has led the way in embracing innovative industries and we applaud Governor McAuliffe and Attorney General Herring for their thoughtful work to reach an agreement that maintains the highest level of public safety while expanding consumer choice. In addition to our involvement in DMV's ongoing study on Transportation Network Companies, we look forward to helping craft new rules for peer-to-peer transportation that increase access to safe, affordable and convenient rides for all Virginia residents."

The Department of Motor Vehicles has informed Uber and Lyft that their applications for transportation broker's licenses and temporary operating authority have been granted, effective immediately, they meet an extensive set of regulations to promote passenger safety, have appropriate insurance, and comply with Virginia law. If at any point either company fails to comply with these terms, DMV can revoke the temporary operating authority.

These conditions include:

- Extensive background checks of drivers, with immediate disqualifiers including convictions for any felony, fraud, sexual offenses, or violent crimes, or registration as a sex offender.
- A review of driving history, with disqualification for drivers convicted of three or more moving violations in the last three years, DUI, underage drinking, refusal to submit to a breathalyzer, hit and run, or eluding law-enforcement, or a revocation of a driver's license.
- Zero tolerance for the use of drugs or alcohol by any drivers, and a suspension pending investigation of any driver accused of violating the zero tolerance policy.
- Only employing drivers who are properly licensed and over 21, and vehicles that carry a maximum of seven passengers and are properly registered and inspected for safety and emissions, where applicable.
- Rigorous insurance requirements, including requiring drivers to maintain automobile liability insurance, maintaining on behalf of all drivers an additional \$1,000,000 of coverage from the moment a driver accepts a trip request until the passenger leaves the vehicle, and liability insurance for drivers who are logged onto the companies' software but not

providing services.

- Maintaining documentation for each driver of his or her background check, sex offender registry check, driving record, proof of insurance, valid driver's license, Social Security number, vehicle registration, and proof of vehicle safety inspection. Documentation must be available to DMV on demand to investigate any complaints, and must be available for periodic audits to ensure compliance.
- Paying any previously assessed civil penalties for non-compliance and dropping any appeals, which both companies have already done.
- Features to help customers identify their driver and vehicle, including from the outside of the vehicle.
- Drivers notifying the companies of any change in their license status, vehicle registration, insurance, or any arrest for a crime that would disqualify them from being a driver.
- Rate transparency and documentation.
- Companies advising drivers of their need to comply with applicable tax laws.
- Only accepting rides booked through the companies' mobile device apps, not street hails.
- Companies maintaining a Virginia transportation broker's license.

Virginia DMV is currently leading a study at the request of the General Assembly to developing a long-term legislative solution that addresses services provided by Uber, Lyft, and similar companies, while also ensuring a level playing field for taxicabs and all other passenger transportation services. The study is scheduled to be completed in time for the 2015 legislative session. This temporary authority agreement can serve as a foundation for potential legislation and will also provide valuable data on the operations of these companies as legislation is crafted.

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- [Web Privacy Policy \(/web-policy\)](#)
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P.O. Box 1475  
Richmond, VA 23218  
804-786-2211

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**Taxicab and Transportation Network Companies  
A Comparison of County and Selected State and Municipal Regulations**

Issue	County Taxi Requirements	Colorado (6/5/2014)	Columbus, OH (8/14/14)	Minneapolis, MN (7/14)	Seattle, WA (7/15/14)
	County Code, Chapter 53	TNC	TNC	TNC	TNC
<b>Licensing</b>					
<b>Corporate Licensing</b>	N/A	Permit required to operate TNC: \$111,250/year	\$15,000/year, and a "Letter of Good Standing" from the City's Income Tax Division	\$35,000/year	\$50,000 for the first year; for the second year, either \$50,000 or 0.35% of annual gross revenue, whichever is greater
<b>Individual Licensing</b>	Owner of each taxicab must have a Passenger Vehicle License.	N/A	TNC Driver's License required.	N/A	For-hire drivers license required.
<b>Insurance</b>					
<b>Commercial Liability</b>	N/A	TNC's must maintain commercial liability insurance of not less than \$1,000,000/incident.	TNC's must maintain commercial liability insurance of not less than \$1,000,000/incident; available regardless of whether a driver maintains adequate coverage to cover a claim.	TNC's must maintain commercial liability insurance of not less than \$1,000,000/incident.	TNC's must provide coverage sufficient satisfy the requirements of SMC 6.310.260.A.2.g (Same as taxis).
<b>Coverage Levels</b>	\$100,000 Bodily Injury or death each person. \$300,000 Bodily Injury or death each accident. \$25,000 Property Damage. COMCOR 53.40.01.01	\$50,000/person/accident, \$100,000/all persons/accident, and for property damage arising from use of the vehicle - \$30,000/accident.	\$50,000 collision/incident when providing a ride; \$50,000/person and not less than \$100,000 /incident for bodily injury, and not less than \$25,000 for property damage.	\$50,000/person/accident, \$100,000/all persons/accident, and for property damage arising from use of the vehicle - \$30,000/accident, and is equal to the taxi requirements.	Each vehicle affiliated with a TNC must have insurance in an amount no less than required by RCW 46.72.050 and underinsured motorist coverage indicating a minimum coverage of \$100,000 per person, and \$300,000 per accident, at any time while active on the TNC dispatch system.

<b>When Effective</b>	During operation, maintenance, and use of vehicle.	TNC coverage shall act as contingent when the driver is logged in to the app, and primary when en route to a ride or with a passenger.	TNC coverage shall act as contingent when the app is "on" and primary when en route to a ride or with a passenger.	TNC coverage shall act as contingent when the app is "on" and primary when en route to a ride or with a passenger.	No mention of "contingent" coverage.
<b>Rates</b>	Set by County executive regulation.	Must make the method by which the TNC calculates fares, or the applicable rate being charged and an option to receive an estimated fare, available to prospective riders and drivers. Must provide an electronic receipt.	Electronic notice of all fees charged displayed in the app.	Electronic notice of rates displayed on the website; if there is a variation from posted rates, the passenger must positively acknowledge on the application their agreement to the revised rate. TNC's to provide an electronic receipt.	Electronic notice of all fees charged displayed via before the TNC dispatch system before the trip is initiated.
<b>Driver Requirements</b>					
<b>Driver Information</b>	Driver must show that the driver can perform the duties and responsibilities of a taxicab driver and pass an examination on knowledge of traffic laws, duties under County taxicab law, and general qualifications to operate a taxicab in the County. Physician's certificate required.	TNC's must confirm that driver is at least 21 years old and: has a valid driver's license; has proof of automobile insurance; has proof of a Colorado vehicle registration; and is medically fit to drive.	TNC's must provide to the City Treasurer driver and vehicle information including title, state license plate information, certificate of insurance, mechanical inspection completed by a certified approved mechanic, a driver training program completion, and a letter of Good Standing from the City's Income Tax Division	TNC's must provide to the City Treasurer driver and vehicle information including title, state license plate information, certificate of insurance, mechanical inspection completed by a certified approved mechanic, and completion of a TNC driver training course. Endorsement must be renewed annually.	TNC's must provide to the City Treasurer driver and vehicle information including title, state license plate information, certificate of insurance, mechanical inspection completed by a certified approved mechanic, and completion of a TNC driver training course. Endorsement must be renewed annually.
<b>Driver Identification</b>	A taxicab driver identification card must contain, the driver's name and photograph, the card number and expiration date and must at all times be prominently in the taxicab in a location that is plainly visible to passengers.	N/A	App must show a picture of the driver and the vehicle, including the license plate number.	App must display the driver's identification card, picture of the vehicle, including the license plate number, and City's service center number.	App must show a picture of the driver and the vehicle, including the license plate number.
<b>Criminal Background Checks</b>	Criminal background check required. Driver identification card must not be issued to an applicant who, in the last 5 years, has been convicted of or pled guilty or no contest to several enumerated offenses. § 53-309	Criminal history check as set forth in State law, or through a privately administered national criminal history record check, including national sex offender database. Criminal history check required every 5 years while serving as a driver.	Criminal background check based on fingerprints from the Bureau of Criminal Identification and Investigations, at a cost to the applicant, and a driver's abstract from Ohio BMV.	Criminal background and driver's record check performed pursuant to Minnesota law, for both Minnesota and each state where a driver has held a driver's license within the past 5 years.	TNC drivers (and owners) shall be fingerprinted, and all applications shall be referred for a state and national Washington State Patrol and Federal Bureau of Investigation criminal background check under RCW 35.21.920, or an approved 3rd party using specified national databases.
<b>Vehicle Requirements</b>					

<b>Trade Dress</b>	Markings, uniform color, vehicle number required.	Must display exterior marking that identifies vehicle as vehicle for hire.	Distinctive trade dress must be displayed.	Distinctive trade dress must be displayed and approved by the licensing official	If any trade dress is used, it must be submitted with the TNC application and cannot cover any windows, lights, etc. and cannot exceed 4 SF
<b>Vehicle Checks</b>	Mechanical inspection certificate from a state-certified inspection station required. Licensee must maintain vehicle in safe operating condition. Licensee must permit reasonable inspections by the Director.	Annual inspections by the TNC inspect vehicles for safety, mechanical, and body condition.	Vehicles must have vehicle maintenance inspection completed by a 3rd party (ASE Certified) on forms provide by the License Section, License Officer must also complete a vehicle inspection	Vehicles must have vehicle maintenance inspection completed at a facility approved by the licensing official.	Vehicles must have vehicle maintenance inspection completed by a 3rd party (ASE Certified) approved by the licensing official on forms provided by the License Section.
<b>Accessibility</b>	Fleet or association must include in Customer Service Plan a phased in plan for service improvements to senior citizens, people with disabilities, and underserved populations. Must participate in user-side subsidy programs. Specific standards for accessible taxicabs.	If vehicle not accessible, driver must refer to another driver or transportation service provider with a vehicle equipped to accommodate rider.	App must provide passengers the opportunity to indicate if accessible transportation is required	App must provide passengers the opportunity to indicate if accessible transportation is required, and if such cannot be provided by the TNC, the request shall be directed to a licensed provider of such service. <i>Surcharge applied to TNC rides to help improve service</i>	App must provide passengers the opportunity to indicate if accessible transportation is required, and must track how often the TNC could comply with the request
<b>Records and Reporting</b>					
	Business, maintenance and dispatch records must be available for inspection by the Director. Accident reports must be submitted. Customer service plan required. operating information (number of calls and trips, miles driven, revenue, etc.) required annually. Driver must maintain trip records for 6 months.	TNC must maintain inspection records of vehicles for 14 months.	TNC must maintain records of drivers and vehicles for 6 months, make them available for inspection, and record of a ride in progress to demonstrate it was pre-arranged.	TNC must maintain records of drivers and vehicles for 3 years, including times when a driver was active on the TNC dispatch system.	TNC must maintain records of for-hire drivers licenses and TNC vehicle endorsements, lists of all TNC drivers and their affiliated vehicles, vehicle repair and service records, passenger comment records, new driver training records, vehicle insurance policies, vehicle registrations, and passenger complaint records. Records may be maintained electronically.
				TNC must maintain records of the average and mean number of hours and miles each driver works.	
<b>Violations and Penalties</b>					
	Suspension or revocation of license; fines.	Cease and desist order, suspension or revocation of permit.	Consistent with Vehicle for Hire drivers.	Consistent with taxis and vehicles for hire.	Consistent with taxis and vehicles for hire.