

**MEMORANDUM**

October 24, 2014

TO: County Council

FROM: Josh Hamlin, Legislative Attorney 

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

Bill 54-14, Taxicabs – Transportation Network Service - Requirements, sponsored by Councilmembers Berliner and Floreen, is scheduled to be introduced on October 28, 2014. A public hearing is tentatively scheduled for December 2 at 7:30 p.m.

Bill 54-14 would:

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

**Background**

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

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

## The Regulatory Landscape

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

Taxicabs in the County are regulated under Chapter 53 of the County Code.<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.

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

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

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

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

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

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

### *Transportation Network Companies*

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

#### Maryland

Maryland’s regulation of for-hire driving services is set forth in Title 10 of the Public Utilities Article of the Maryland Code. Jurisdiction is split between the State’s Public Service Commission (PSC), which regulates limousine and sedan services, and local jurisdictions, which primarily regulate taxicabs.<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 TNCs in Maryland is presently unsettled, with the State alternatively attempting to establish a new regulatory framework and asserting regulatory authority under existing law. Also, the City of Annapolis is seeking to regulate Uber as a taxicab company under the City’s laws.

#### *HB 1160/SB 919*

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

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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)

<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.

### *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> The order directed Uber to apply for a motor carrier permit for UberBLACK or UberSUV services within 60 days. The order also directed Commission staff to draft new regulations that are applicable to UberBLACK and UberSUV. The order does not apply to UberX or Lyft, or other TNCs, but is significant in that it signals recognition that the services provided by TNCs are subject to regulation by the PSC. However, it draws a distinction between the UberBLACK and UberSUV services and the UberX and Lyft services which more closely resemble services provided by taxicab companies. More importantly, it leaves, for the time being, a regulatory vacuum in which the TNCs remain unregulated.

### *OPC request to investigate UberX and Lyft*

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

### District of Columbia

The Council of the District of Columbia 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. The District bill would impose licensing, vehicle and driver safety, insurance, consumer protection, and accessibility requirements on TNCs 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 District Council on October 1.

### Virginia

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

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<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)

## Other Jurisdictions

While the jurisdictions in the DC metro area are still trying to figure out how to regulate TNCs, several jurisdictions have enacted laws or adopted regulations “legalizing” the ridesharing companies and creating new regulatory regimes applicable to them. In March of this year, the Seattle City Council enacted a law regulating TNCs as “for-hire driver services” which imposed licensing, insurance, and driver and vehicle safety standards, and included a cap on the number of for-hire drivers, limiting each TNC to 150 active drivers on the road at any given time.<sup>7</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>8</sup> In June, Colorado became the first *state* to pass legislation<sup>9</sup> regulating TNCs. The Colorado law requires a TNC to be licensed and insured, and imposes driver and vehicle safety standards.

In July of this year, the Minneapolis, Minnesota City Council passed a law regulating TNCs. At the same time, “the City Council voted to modernize the City’s longstanding taxi ordinances to make them less restrictive to companies while still maintaining safety for passengers.”<sup>10</sup> Also in July, Columbus, Ohio enacted its “Peer-to-Peer Transportation Network” law. The Minneapolis<sup>11</sup> and Columbus<sup>12</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, generally relating to safety, consumer protection, and accessibility. While the particulars of the laws differ from jurisdiction to jurisdiction, all impose requirements related to insurance, driver and vehicle safety, licensing, and transparency in rates, and many also address accessibility concerns.

## **Bill 54-14**

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

### *Definitions and Rates*

Bill 54-14 would define the terms “transportation network application company (TNAC)” and “transportation network operator (TNO)” to cover companies such as Uber and Lyft and their drivers, and would define “digital dispatch” to mean a network-based dispatch system

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<sup>7</sup> <http://www.washingtonpost.com/blogs/govbeat/wp/2014/03/18/seattle-becomes-first-city-to-cap-uber-lyft-vehicles/>

<sup>8</sup> <http://www.governing.com/news/headlines/mct-seattle-new-rideshare-rules.html>

<sup>9</sup> <http://legiscan.com/CO/text/SB125/id/1022212/Colorado-2014-SB125-Enrolled.pdf>

<sup>10</sup> <http://www.ci.minneapolis.mn.us/news/WCMS1P-128522>

<sup>11</sup> <http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/wcms1p-129014.pdf>

<sup>12</sup> <https://columbus.legistar.com/LegislationDetail.aspx?ID=1833098&GUID=D7A215D2-06C4-4F5F-BA3F-0CF2EAAB6E35&Options=&Search=&FullText=1>

which may be used by TNACs or current Passenger Vehicle License (PVL) holders. It would amend the current law concerning taxicab rates to provide that fares for rides booked through digital dispatch, by either a TNAC or a PVL holder, are not subject to the existing rate structure. It would also limit “surge pricing,” a fare structure that bases a rate on time and distance factors, increased by a multiplier related to consumer demand, during a declared state of emergency.

### *Licensing and Registration*

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

### *Driver and Vehicle Requirements*

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

### *Insurance*

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

### *Accessibility*

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

This packet contains:

Bill 54-14

Legislative Request Report

Circle #

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

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Berliner and Floreen

### AN ACT to

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

### By amending

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

### By adding

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

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

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



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

31 \* \* \*

32 **53-106. Rates.**

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

37 \* \* \*

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

40 (1) applicable rate regulations; or

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

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

46 (1) the fare calculation method;

47 (2) the applicable rate being charged; and

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

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

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

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

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

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

66 \* \* \*

67 **Article 8. Transportation Network Application Companies.**

68 **53-801. Transportation network application company license; required.**

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

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

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

85   **53-802. Requirements for transportation network application companies.**

86           Each transportation network application company must:

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

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

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

92           (d) maintain a website that contains:

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

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

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

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

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

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

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

107                   or the Commonwealth of Virginia to perform vehicle safety  
 108                   inspections.

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

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

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

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

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

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

128                   (2)   Discriminatory conduct under this subsection includes:

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

- 133                   (B) using derogatory or harassing language on the basis of a  
134                   protected characteristic;
- 135                   (C) refusing service based on the pickup or drop-off location  
136                   of a passenger; and
- 137                   (D) rating a passenger on the basis of a protected  
138                   characteristic.
- 139           (3) Discriminatory conduct under this subsection does not include  
140           refusing to provide service to an individual with disabilities  
141           because of violent, seriously disruptive, or illegal conduct by  
142           the individual. However, a TNO must not refuse to provide  
143           service to an individual with a disability solely because the  
144           individual's disability results in an appearance or involuntary  
145           behavior that may offend, annoy, or inconvenience the TNO or  
146           another person.
- 147           (4) immediately suspend a TNO for the duration of the  
148           investigation after receiving a written complaint from a  
149           passenger submitted through regular or electronic mail  
150           containing a reasonable allegation that the TNO violated the  
151           zero tolerance policy established by paragraph (1); and
- 152           (4) conduct an investigation when a passenger submits a reasonable  
153           allegation that a TNO violated the zero tolerance policy  
154           established by paragraph (1); and
- 155           (j) maintain any records required by the Department to enforce this  
156           Section. A TNAC is not required to collect or transmit data or  
157           information about any specific customer or that customer's trip.  
158           However, as required by the Department or regulation, the TNAC

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

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

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

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

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

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

170 (3) a full driving record check.

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

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

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

181 (B) any sex offense;

182 (C) soliciting for prostitution;

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

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

- 186                   (F) violation of any gaming law;  
 187                   (G) any offense involving driving under the influence; or  
 188                   (H) any act of moral turpitude;  
 189           (2) who has a pattern of reasonably verifiable complaints of  
 190                   substandard customer service during the previous 24 months;  
 191           (3) whose driving record during the 3 years immediately before the  
 192                   application was submitted, demonstrates that the applicant is  
 193                   not a responsible, safe, or careful driver because the applicant  
 194                   has received more than 4 points under applicable criteria  
 195                   defined by the State Motor Vehicle Administration or the  
 196                   equivalent in another jurisdiction, or by other reasonably  
 197                   verifiable evidence of unsafe or dangerous driving;  
 198           (4) who makes a false statement or gives a false answer on a  
 199                   registration application;  
 200           (5) who is unable to safely operate a vehicle, or who may otherwise  
 201                   endanger the public health, safety, or welfare, or who would be  
 202                   unable to fulfill the duties of a driver as required by applicable  
 203                   regulation;  
 204           (6) who has substantial delinquent debts to the County, State, or  
 205                   Federal government; or  
 206           (7) whose record of violations of this Chapter or other laws or  
 207                   regulations of the County, State, or any other jurisdiction  
 208                   indicates that to protect public safety an operator should not be  
 209                   registered.  
 210           (d) Each motor vehicle used for transportation network service must:  
 211                   (1) have a manufacturer's rated seating capacity of 8 persons or  
 212                   fewer, including the operator;

- 213           (2) have at least 4 doors and meet all applicable federal motor  
 214           vehicle safety standards for vehicles of its size, type, and  
 215           proposed use; and
- 216           (3) be no more than 10 model years old at entry into service and no  
 217           more than 12 model years old while in service.
- 218       (e) A person registered with a TNAC as a TNO under this Section must  
 219           be treated by the Department as holding the necessary authorization to  
 220           operate in the County as may be required by another jurisdiction or  
 221           interstate authority.

222 **53-804. Insurance requirements for transportation network application**  
 223 **companies and operators.**

- 224       (a) Each TNAC or TNO must maintain a primary automobile liability  
 225           insurance policy that provides coverage of at least \$1 million per  
 226           occurrence for accidents involving a TNO at all times when the TNO  
 227           is engaged in a prearranged ride.
- 228       (b) For the time period when a TNO is logged onto a TNAC's digital  
 229           dispatch showing that the TNO is available to pick up passengers but  
 230           is not engaged in a prearranged ride, each TNO or a TNAC, on the  
 231           TNO's behalf, must maintain a primary automobile liability insurance  
 232           policy that:
- 233           (1) recognizes that the TNO is a transportation network operator,  
 234           and covers the TNO's provision of private vehicle-for-hire  
 235           service while the operator is logged into the TNAC's digital  
 236           dispatch showing that the TNO is available to pick up  
 237           passengers; and

- 238           (2)   provides minimum coverage of at least \$50,000 per person per  
 239                   accident, with up to \$100,000 available to all persons per  
 240                   accident, and \$25,000 for property damage per accident; and
- 241           (3)   does one of the following:
- 242                   (A)   offers full time coverage similar to the coverage required  
 243                           under Section 53-225; or
- 244                   (B)   offers a liability insurance policy purchased by the  
 245                           TNAC that provides primary coverage for the time  
 246                           period in which a TNO is logged into the TNAC's digital  
 247                           dispatch showing that the TNO is available to pick up  
 248                           passengers.
- 249           (c)   If a TNAC obtains an insurance policy under this Section, it must  
 250                   provide proof to the Department that the TNAC has secured the  
 251                   policy.
- 252           (d)   A TNAC must not allow a TNO who has obtained his or her own  
 253                   policy to fulfill the requirements of this Section to accept a trip  
 254                   request through the digital dispatch service used by the TNAC until  
 255                   the TNAC verifies that the TNO maintains the insurance required  
 256                   under this Section. If the insurance maintained by a TNO to fulfill the  
 257                   insurance requirements of this Section has lapsed or been cancelled,  
 258                   the TNAC must provide the coverage required by this Section,  
 259                   beginning with the first dollar of a claim.
- 260           (e)   Nothing in this Section requires a TNO to obtain a personal  
 261                   automobile insurance policy that provides coverage for the time  
 262                   period when the TNO is logged into a TNAC's digital dispatch  
 263                   system.

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

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

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

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

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

306 **53-805. Requirements for transportation network operators.**

- 307 (a) Each transportation network operator must:
- 308 (1) accept only rides booked through a TNAC's digital dispatch,  
 309 and must not solicit or accept street-hails;
  - 310 (2) possess a valid driver's license issued by Maryland, the District  
 311 of Columbia, or Virginia;
  - 312 (3) possess proof of personal motor vehicle insurance for any  
 313 motor vehicle used as a private vehicle-for-hire; and
  - 314 (4) be at least 21 years old.

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

318 **53-806. Accessibility of digital dispatch for individuals with disabilities.**319 (a) By January 1, 2016, each TNAC that provides digital dispatch must:320 (1) assure that its websites and mobile applications are accessible  
321 to the blind and visually impaired and the deaf and hard of  
322 hearing; and323 (2) submit a plan to the Director that describes its actions to  
324 improve service to senior citizens, people with disabilities, or  
325 other underserved populations identified by the Director.326 (b) Any TNAC that provides digital dispatch must not:327 (1) impose any additional or special charge on an individual with a  
328 disability for providing services to accommodate the individual;  
329 or330 (2) require an individual with a disability to be accompanied by an  
331 attendant.332 (c) If a TNO accepts a ride request through digital dispatch from a  
333 passenger with a disability who uses mobility equipment, upon  
334 picking up the passenger the TNO must stow the passenger's mobility  
335 equipment in the vehicle if the vehicle is capable of stowing the  
336 equipment. If the passenger or TNO decides that the vehicle is not  
337 capable of stowing the equipment, the company that provides digital  
338 dispatch must not charge a trip cancellation fee or, if any fee was  
339 charged, must provide the passenger with a timely refund.340 *Approved:*

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Craig L. Rice, President, County Council

Date

## LEGISLATIVE REQUEST REPORT

Bill 54-14

*Taxicabs – Transportation Network Service - Requirements*

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