

# HOUSE BILL No. 4032

January 15, 2015, Introduced by Rep. Kelly and referred to the Committee on Communications and Technology.

A bill to regulate transportation network companies in this state; to provide for the powers and duties of certain state officers and entities; and to prescribe penalties and provide remedies.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. As used in this act:

2       (a) "Department" means the department of state.

3       (b) "Personal vehicle" means a motor vehicle that has been  
4 approved to be used by a transportation network company driver to  
5 perform rides arranged through a transportation network company  
6 digital platform and that meets the requirements of this act.

7       (c) "Prearranged ride" means a period of time that begins when  
8 a transportation network company driver accepts a requested ride

1 through a digital network, continues while the transportation  
2 network company driver transports the rider in a personal vehicle,  
3 and ends when the rider departs from the personal vehicle.

4 (d) "Ridesharing arrangement" means an arrangement for the  
5 transportation of not more than 8 passengers, not including the  
6 driver, by motor vehicle that satisfies 1 of the following:

7 (i) The arrangement is for a purpose incidental to another  
8 purpose of the driver, and the driver does not charge or receive a  
9 fee, other than money paid to reimburse the driver or owner of the  
10 vehicle for his or her operating expenses on a not-for-profit  
11 basis.

12 (ii) The passengers and the driver are traveling between their  
13 homes and places of employment, or places convenient to their homes  
14 or places of employment, and the driver does not charge or receive  
15 a fee, other than money paid to reimburse the driver or owner of  
16 the vehicle for his or her operating expenses on a not-for-profit  
17 basis.

18 (e) "Taxi" or "taxicab" means an on-demand motor vehicle that  
19 satisfies all of the following:

20 (i) The vehicle may be hailed or prearranged by a passenger.

21 (ii) The vehicle has a seating capacity of 1 to 8 passengers,  
22 including the driver.

23 (iii) The vehicle is used in the transportation of passengers  
24 for hire and charges a rate based on a meter installed in the  
25 vehicle or a flat fare.

26 (iv) The vehicle is identified with the words "taxi" or "cab"  
27 on the vehicle and is equipped with a permanently affixed rooftop

1 sign that displays the words "taxi" or "cab", the company name, or  
2 the company phone number.

3 (f) "Transportation network company" means a person operating  
4 in this state that uses a digital network to connect riders to  
5 transportation network company drivers for the purpose of providing  
6 transportation. Transportation network company does not include  
7 taxi service, transportation service arranged through a  
8 transportation broker, a ridesharing arrangement, or a  
9 transportation service using fixed routes at regular intervals.

10 (g) "Transportation network company driver" means an  
11 individual who uses a personal vehicle to provide transportation  
12 services for riders that are matched to that individual through a  
13 transportation network company's digital network, regardless of  
14 whether the individual is employed by a transportation network  
15 company.

16 Sec. 3. A transportation network company shall not operate in  
17 this state unless the transportation network company has submitted  
18 an application on an annual basis to the department providing proof  
19 of all of the following:

20 (a) That the transportation network company maintains a  
21 primary insurance policy covering each transportation network  
22 company driver for incidents involving the transportation network  
23 company driver at all times during a prearranged ride and providing  
24 all of the following types of coverage:

25 (i) Residual third-party liability insurance as required under  
26 chapter 31 of the insurance code of 1956, 1956 PA 218, MCL 500.3101  
27 to 500.3179, with a minimum combined single limit of \$1,000,000.00

1 for all persons injured or property damage.

2 (ii) Personal protection insurance and property protection  
3 insurance in the amounts and types of coverage required by chapter  
4 31 of the insurance code of 1956, 1956 PA 218, MCL 500.3101 to  
5 500.3179.

6 (b) The transportation network company shall provide  
7 documentation of the insurance coverage required by subdivision (a)  
8 to the department.

9 (c) That insurance of at least the amounts and types of  
10 coverage required by chapter 31 of the insurance code of 1956, 1956  
11 PA 218, MCL 500.3101 to 500.3179, is provided during the time that  
12 a transportation network company driver is logged into the  
13 transportation network company's digital network and available to  
14 receive requests for transportation but is not providing a  
15 prearranged ride. The requirement of this subdivision may be  
16 satisfied by a combination of insurance policies maintained by a  
17 transportation network company or a transportation network company  
18 driver.

19 (d) That each transportation network company driver is at  
20 least 21 years of age and, except as provided in subdivision (e),  
21 maintains a valid operator's license issued under the Michigan  
22 vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

23 (e) That each transportation network company driver maintains  
24 a valid chauffeur's license issued under the Michigan vehicle code,  
25 1949 PA 300, MCL 257.1 to 257.923, and has obtained a commercial  
26 vehicle registration plate under the Michigan vehicle code, 1949 PA  
27 300, MCL 257.1 to 257.923, if the transportation network company

1 driver's personal vehicle has a capacity of 9 to 15 passengers.

2 (f) That the transportation network company has conducted a  
3 local, state, and national background check of each transportation  
4 network company driver, including a search of the national sex  
5 offender database, and the transportation network company driver  
6 has not been convicted within 7 years before the date the  
7 application is submitted of any of the following:

8 (i) Driving under the influence of drugs or alcohol.

9 (ii) A violation of chapter XI of the Michigan penal code, 1931  
10 PA 328, MCL 750.81 to 750.90h.

11 (iii) A violation of chapter XXXI of the Michigan penal code,  
12 1931 PA 328, MCL 750.174 to 750.182a.

13 (iv) A violation of chapter XLIII of the Michigan penal code,  
14 1931 PA 328, MCL 750.271 to 750.300a.

15 (v) A violation of chapter LII of the Michigan penal code,  
16 1931 PA 328, MCL 750.356 to 750.367c.

17 (vi) A violation of chapter LVI of the Michigan penal code,  
18 1931 PA 328, MCL 750.377a to 750.395.

19 (vii) A violation of chapter LXI of the Michigan penal code,  
20 1931 PA 328, MCL 750.412 to 750.421c.

21 (viii) A violation of chapter LXXVI of the Michigan penal code,  
22 1931 PA 328, MCL 750.520a to 750.520n.

23 (ix) A violation of section 543m of the Michigan penal code,  
24 1931 PA 328, 750.543m.

25 (g) That the transportation network company has reviewed a  
26 driving history report for each transportation network company  
27 driver before he or she provides transportation services showing

1 that the transportation network company driver has not had more  
2 than 3 moving violations or a major violation in the 3-year period  
3 before the date of the driving history report. As used in this  
4 subdivision, "major violation" includes, but is not limited to,  
5 attempting to evade the police, reckless driving, or driving on a  
6 suspended or revoked license.

7 (h) That each transportation network company driver's vehicle  
8 has undergone a safety inspection conducted annually by a mechanic  
9 licensed by this state before being used to provide transportation  
10 services. Each transportation network company driver shall provide  
11 to the transportation network company documentation of the  
12 inspection required by this subdivision showing that all of the  
13 following vehicle components were inspected:

- 14 (i) Foot brakes.
- 15 (ii) Parking brakes.
- 16 (iii) Steering mechanism.
- 17 (iv) Windshield.
- 18 (v) Rear window and other glass.
- 19 (vi) Windshield wipers.
- 20 (vii) Headlights.
- 21 (viii) Taillights.
- 22 (ix) Brake lights.
- 23 (x) Front seat adjustment mechanism.
- 24 (xi) Doors.
- 25 (xii) Turn signal lights.
- 26 (xiii) Horn.
- 27 (xiv) Speedometer.

(xv) Bumpers.

(xvi) Muffler and exhaust system.

(xvii) Tires, including tread depth.

(xviii) Interior and exterior mirrors.

(xix) Safety belts.

(xx) Defrosting system.

Sec. 5. (1) A personal vehicle shall display a consistent and distinctive signage or emblem that is approved by the department at all times while the transportation network company driver is engaged in a prearranged ride. The signage or emblem shall satisfy all of the following:

(a) The signage or emblem shall be sufficiently large and color-contrasted to be readable during daylight hours from a distance of at least 50 feet.

(b) The signage or emblem shall be reflective.

(c) The signage or emblem shall sufficiently identify the transportation network company with which the vehicle is affiliated.

(2) A transportation network company shall do all of the following:

(a) Provide a customer support telephone number or electronic mail address on its digital network or website for rider inquiries.

(b) Except as provided in subdivision (c), refrain from disclosing a passenger's personally identifiable information to a third party unless 1 or more of the following apply:

(i) The passenger consents.

(ii) Disclosure is required by a legal obligation.

1 (iii) Disclosure is required to process an insurance claim.

2 (iv) Disclosure is required to protect or defend the terms of  
3 the use of the service or to investigate violations of those terms.

4 (c) A transportation network company may share a passenger's  
5 name or telephone number to a transportation network company driver  
6 providing a prearranged ride to that passenger to facilitate the  
7 correct identification of the passenger by the transportation  
8 network company driver or to facilitate communication between the  
9 passenger and the transportation network company driver.

10 (d) Provide all of the following to passengers:

11 (i) The transportation network company driver's first name.

12 (ii) Make and model of the transportation network company  
13 driver's vehicle.

14 (iii) Method by which the transportation network company  
15 calculates fares or the applicable rate being charged.

16 (iv) The option to receive an estimated fare.

17 (e) Provide a receipt through electronic mail or text message  
18 to a passenger upon completion of a prearranged ride.

19 (f) Disclose in writing to transportation network drivers  
20 providing services for the transportation network company all of  
21 the following:

22 (i) The insurance coverage and limits of liability that the  
23 transportation network company provides while the transportation  
24 network company driver uses a vehicle in connection with the  
25 transportation network company's online-enabled application or  
26 platform.

27 (ii) That, depending on the terms of the policy, the



1 transportation network company driver's automobile or vehicle  
2 insurance policy may not provide coverage while he or she uses a  
3 vehicle in connection with a transportation network company's  
4 digital network.

5 (iii) That the transportation network company driver must  
6 consult his or her own insurance company or insurance agent for  
7 information about coverage provided by his or her personal  
8 insurance policy.

9 (3) A transportation network company or a transportation  
10 network company driver shall not do any of the following:

11 (a) Solicit passengers or service through a street hail.

12 (b) Pick up or discharge a passenger at a designated taxicab  
13 stand, no stopping or standing zone, or other restricted area.

14 (4) A transportation network company driver may refuse to  
15 transport a passenger if the passenger is acting in an unlawful,  
16 disorderly, or endangering manner.

17 (5) A transportation network company driver shall do all of  
18 the following:

19 (a) Permit a service animal to accompany a passenger on a  
20 prearranged ride.

21 (b) Take the most direct route to the passenger's destination  
22 unless otherwise authorized by the passenger.

23 (c) If an accident involving a personal vehicle occurs while  
24 the vehicle is being used to provide transportation network company  
25 services, the transportation network company driver shall do all of  
26 the following:

27 (i) Provide proof of insurance information to the other party

1 involved in the accident.

2 (ii) Notify the transportation network company of the accident.

3 (iii) Notify his or her insurance company of the accident.

4 (d) Upon request of a law enforcement official or other  
5 government official, display an electronic verification of his or  
6 her affiliation with a transportation network company or a ride in  
7 progress showing that the ride is a prearranged ride through a  
8 transportation network company's digital network. This subdivision  
9 does not require a transportation network company driver to  
10 relinquish possession of an electric device if the information  
11 described in this subdivision is contained on an electronic device.

12 (6) Both of the following apply to an insurance policy  
13 described in section 3(a) to (c):

14 (a) The insurance policy may be placed with an insurer  
15 licensed under chapter 4 of the insurance code of 1956, 1956 PA  
16 218, MCL 500.402 to 500.480, or a surplus lines insurer eligible  
17 under chapter 19 of the insurance code of 1956, 1956 PA 218, MCL  
18 500.1901 to 500.1955.

19 (b) The insurance policy satisfies the financial  
20 responsibility requirement described in chapter V of the Michigan  
21 vehicle code, 1949 PA 300, MCL 257.501 to 257.532.

22 Sec. 7. (1) The department shall issue a permit to allow a  
23 transportation network company to operate in this state if the  
24 transportation network company meets all requirements of this act  
25 and pays a fee determined by the department.

26 (2) If a transportation network company driver's insurance  
27 coverage as required under this act is canceled, is revoked, or is

1 not renewed for any reason, the transportation network company  
2 driver shall notify the transportation network company to remove  
3 the transportation network company driver from its roster unless  
4 the transportation network company driver has obtained substitute  
5 insurance coverage without a lapse in coverage.

6 (3) After providing notice and the opportunity for a hearing,  
7 the department may impose a fine or revoke a permit issued under  
8 this act if a transportation network company fails to comply with  
9 this act.

10 Sec. 9. A transportation network company shall not be  
11 considered to own, control, operate, or manage a personal vehicle  
12 operated by a transportation network company driver providing  
13 transportation services to passengers matched through the  
14 transportation network company digital network.

15 Sec. 11. A local unit of government shall not enact or enforce  
16 an ordinance regulating a transportation network company. A local  
17 unit of government may issue a civil infraction to a transportation  
18 network company driver for a violation of section 5(1), 5(3), or  
19 5(5)(a), (c), or (d).