



House of Representatives

General Assembly

File No. 362

January Session, 2015

Substitute House Bill No. 6683

House of Representatives, April 1, 2015

The Committee on Transportation reported through REP. GUERRERA of the 29th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT REGULATING TRANSPORTATION NETWORK COMPANIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2015*) (a) As used in this section
2 and sections 2 to 6, inclusive, of this act:

3 (1) "Transportation network company" means a company, including
4 a corporation, partnership, trust, association, sole proprietorship or
5 similar organization, that provides prearranged transportation services
6 by means of a digital network or software application service that
7 connects passengers to transportation network company services
8 provided by transportation network company drivers. "Transportation
9 network company" does not include a taxicab or a for-hire vehicle
10 owner.

11 (2) "Transportation network company driver" means an individual
12 who is not an employee of a transportation network company, but
13 who provides transportation network company services using a motor
14 vehicle that is (A) owned, leased or otherwise authorized for use by

15 the individual, and (B) not a taxicab, motor vehicle for livery service or
16 any other for-hire vehicle.

17 (3) "Transportation network company services" means the
18 transportation of a passenger between points chosen by the passenger
19 and prearranged with a transportation network company driver
20 through the use of the transportation network company's digital
21 network or software application service. "Transportation network
22 company services" commence when a transportation network
23 company driver accepts a request for transportation received through
24 such digital network or software application service, continue while
25 the transportation network company driver transports the passenger
26 in such driver's motor vehicle, and end when the passenger exits such
27 vehicle.

28 (4) "Taxicab" has the same meaning as provided in section 13b-95 of
29 the general statutes, as amended by this act.

30 (5) "Motor vehicle in livery service" has the same meaning as
31 provided in section 13b-101 of the general statutes, as amended by this
32 act.

33 (b) A transportation network company shall register annually with
34 the Commissioner of Transportation, in writing, on a form provided by
35 the commissioner. The registration shall include (1) the transportation
36 network company's name, business address and telephone number; (2)
37 if the company is registered in another state, the name, address and
38 telephone number of the company's agent for service of process in this
39 state; (3) the name, address and telephone number of a person at the
40 company who will serve as the main contact for communications
41 between the commissioner and the company; (4) information sufficient
42 to demonstrate, to the commissioner's satisfaction, the company's
43 compliance with the provisions of this section and sections 2 to 4,
44 inclusive, of this act; and (5) any other nonproprietary information the
45 commissioner may require. Each annual registration shall be
46 accompanied by a fee of five thousand dollars.

47 (c) (1) The transportation network company's Internet web site or
48 software application service shall display to a potential passenger a
49 picture of the transportation network company driver and the license
50 plate number of the motor vehicle being used to provide
51 transportation network company services, before such passenger
52 enters such vehicle.

53 (2) A transportation network company driver shall display on the
54 motor vehicle being used to provide transportation network company
55 services a consistent and distinctive logo, insignia or emblem at all
56 times when the transportation network company driver is providing
57 transportation network company services. Such logo, insignia or
58 emblem shall be (A) sufficiently large so as to be readable during
59 daylight hours at a distance of at least fifty feet, and (B) reflective,
60 illuminated or otherwise visible in darkness.

61 (d) (1) A transportation network company may charge a fare for the
62 transportation network company services provided to passengers,
63 provided the transportation network company shall disclose to
64 passengers by means of its Internet web site or software application
65 service (A) the fare calculation method, (B) the applicable rates being
66 charged, and (C) an option to receive an estimated fare prior to
67 entering the transportation network company driver's motor vehicle.

68 (2) Within a reasonable period of time following the completion of
69 transportation network company services, a transportation network
70 company shall transmit an electronic receipt to the passenger that lists
71 the origin and destination of the trip, the total time and distance of the
72 trip, and an itemization of the total fare paid, if any.

73 (3) A transportation network company shall adopt a policy
74 prohibiting the solicitation or acceptance of cash payments from
75 passengers and shall notify transportation network company drivers of
76 such policy. Any payment for transportation network company
77 services shall be made only electronically, using the transportation
78 network company's digital network or software application service.

79 (4) For purposes of this subdivision, "dynamic pricing" means
80 offering transportation network company services at a price that
81 changes according to the level of demand. If demand for
82 transportation network company services is high, and the
83 transportation network company elects to implement dynamic pricing,
84 the transportation network company's Internet web site or software
85 application service shall (A) provide notice to a potential passenger
86 that dynamic pricing is in effect prior to such passenger requesting
87 transportation network company services, (B) include a feature that
88 requires a potential passenger to confirm that he or she understands
89 that dynamic pricing will be applied before such services request may
90 be completed, and (C) provide a fare estimator that enables the
91 potential passenger to estimate the cost under dynamic pricing prior to
92 requesting such services.

93 (e) (1) A transportation network company shall adopt a policy of
94 nondiscrimination on the basis of destination, age, race, color, creed,
95 sex, sexual orientation, gender identity, national origin, intellectual
96 disability or physical disability with respect to passengers and
97 potential passengers, and shall notify all transportation network
98 company drivers of such policy.

99 (2) A transportation network company shall provide a potential
100 passenger with an opportunity to indicate whether a wheelchair-
101 accessible vehicle is required. If a transportation network company
102 cannot arrange wheelchair-accessible transportation network company
103 services, the company shall direct the potential passenger to an
104 alternate provider of wheelchair-accessible service, if available.

105 (f) A transportation network company shall maintain (1) individual
106 trip records for at least one year after the date such transportation
107 network company services were provided, and (2) transportation
108 network company driver records for at least one year after the date
109 such driver's activation on the company's digital network or software
110 application service ended.

111 Sec. 2. (NEW) (*Effective July 1, 2015*) (a) Prior to permitting an

112 individual to act as a transportation network company driver on its
113 digital network or software application service, a transportation
114 network company shall (1) require the individual to submit an
115 application to the company that includes the individual's name,
116 address, age, operator's license number, as defined in section 14-1 of
117 the general statutes, driving history record, motor vehicle registration
118 and proof of financial responsibility, as required by section 14-112 of
119 the general statutes, and (2) conduct, or have a third party accredited
120 by the National Association of Professional Background Screeners
121 conduct, a state and national criminal history records check, including
122 a search of state and national sexual offender registry databases, or
123 arrange for the fingerprinting of the individual to be submitted to the
124 Federal Bureau of Investigation for a national criminal history records
125 check.

126 (b) No individual shall be hired by a transportation network
127 company to be a transportation network company driver if such
128 individual: (1) Has more than three moving violations in the three
129 years prior to the date of such individual's application to be a driver,
130 or one major violation in such three-year period; (2) has been
131 convicted, within seven years prior to the date of such individual's
132 application to be a driver, of driving under the influence of drugs or
133 alcohol, fraud, sexual offenses, use of a motor vehicle to commit a
134 felony, a crime involving property damage, theft, acts of violence or
135 acts of terror; (3) is listed in the state or national sexual offenders
136 registry; (4) does not possess a valid operator's license; (5) does not
137 possess proof of registration for each motor vehicle used to provide
138 transportation network company services; (6) does not possess proof of
139 financial responsibility for each motor vehicle used to provide
140 transportation network company services; and (7) is not at least
141 nineteen years of age.

142 (c) A transportation network company driver (1) shall comply with
143 all applicable laws regarding nondiscrimination against passengers or
144 potential passengers on the basis of race, color, national origin,
145 religious belief or affiliation, sex, disability, age, sexual orientation or

146 gender identity, (2) shall comply with all applicable laws relating to
147 accommodation of service animals, (3) shall not impose additional
148 charges for providing services to persons with physical disabilities
149 because of such disabilities, (4) may only accept rides booked through
150 the transportation network company's digital network or software
151 application service, and (5) shall not solicit or accept street hails.

152 (d) (1) A transportation network company shall implement a zero
153 tolerance policy on the use of drugs or alcohol while a transportation
154 network company driver is providing transportation network
155 company services, or is logged into the company's digital network or
156 software application service and is not providing such services. Such
157 company shall provide notice of this policy on its Internet web site and
158 software application service, and include procedures to report a
159 complaint about a transportation network company driver whom a
160 passenger reasonably suspects was under the influence of drugs or
161 alcohol during the course of the transportation network company
162 services.

163 (2) Upon receipt of a passenger complaint alleging a violation of
164 such policy, the transportation network company shall immediately
165 suspend such driver's access to the company's digital network and
166 software application service and shall conduct an investigation into the
167 reported incident. The suspension shall last until completion of the
168 investigation.

169 (3) The company shall maintain all records relevant to the
170 enforcement of such policy for a period of not less than two years from
171 the date that a passenger complaint is received by the company.

172 (e) (1) The motor vehicles used to provide transportation network
173 company services may be coupes, sedans and other light-duty
174 vehicles, including vans, minivans, sport utility vehicles, hatchbacks,
175 convertibles and pickup trucks that are equipped and licensed for
176 operation on public roads.

177 (2) Before an individual is authorized to be a transportation network

178 company driver, and every two years thereafter, the transportation
179 network company shall ensure that a dealer or repairer, licensed under
180 sections 14-51 to 14-65l, inclusive, of the general statutes, conduct a
181 safety inspection of any motor vehicle that such transportation
182 network company driver uses to provide transportation network
183 company services. The transportation network company and such
184 transportation network company driver shall maintain documentation
185 of such inspections for not less than two years. The safety inspection
186 shall include, but need not be limited to, (A) foot brakes, (B)
187 emergency brakes, (C) steering mechanism, (D) windshield, (E) rear
188 window and other glass, (F) windshield wipers, (G) headlights, (H) tail
189 lights, (I) turn indicator lights, (J) brake lights, (K) front seat
190 adjustment mechanism, (L) doors, (M) horn, (N) speedometer, (O)
191 bumpers, (P) muffler and exhaust system, (Q) condition of tires,
192 including tread depth, (R) interior and exterior rearview mirrors, and
193 (S) safety belts and air bags for driver and passengers. Such safety
194 inspection shall be in addition to any other inspections required by
195 law.

196 (3) Motor vehicles used to provide transportation network company
197 services shall be subject to inspection by agents or employees of the
198 Department of Motor Vehicles.

199 Sec. 3. (NEW) (*Effective July 1, 2015*) (a) (1) During the time that a
200 transportation network company driver is logged into the
201 transportation network company's digital network or software
202 application service and is available to receive requests for
203 transportation network company services, but is not providing such
204 services, the motor vehicle being operated shall be covered by such
205 driver's automobile insurance policy. In the event such driver's
206 automobile insurance policy excludes coverage according to its policy
207 terms, the transportation network company shall provide an
208 automobile insurance policy that satisfies any claim for damages by
209 reason of personal injury to, or the death of, any one person of fifty
210 thousand dollars, or by reason of personal injury to, or the death of,
211 more than one person on account of any accident of at least one

212 hundred thousand dollars, and for damage to property of at least
213 twenty-five thousand dollars.

214 (2) During the time that a transportation network company driver is
215 providing transportation network company services, the motor vehicle
216 being operated shall be covered by the transportation network
217 company's automobile insurance policy that (A) covers the
218 transportation network company driver's provision of transportation
219 network company services, (B) is in the amount of not less than one
220 million dollars per occurrence, and (C) provides uninsured and
221 underinsured coverage as required by section 38a-336 of the general
222 statutes.

223 (b) In any case where automobile insurance maintained by a
224 transportation network company driver has lapsed, been cancelled or
225 nonrenewed, the automobile insurance policy maintained by the
226 transportation network company shall provide all required coverage,
227 beginning with the first dollar of a claim.

228 Sec. 4. (NEW) (*Effective July 1, 2015*) (a) The transportation network
229 company shall disclose the following information in writing to each
230 transportation network company driver prior to such driver being
231 allowed to accept a request for transportation network company
232 services on the transportation network company's digital network or
233 software application service: (1) The insurance coverage and limits of
234 liability that the transportation network company provides when the
235 transportation network company driver uses a personal motor vehicle
236 in connection with a transportation network company's digital
237 network or software application service, and (2) that the transportation
238 network company driver's insurance policy may not provide coverage
239 while such driver uses a motor vehicle in connection with a
240 transportation network company's digital network or software
241 application service, depending on the terms of such driver's policy.

242 (b) (1) An insurer that provides automobile liability insurance may
243 exclude any coverage provided under an automobile insurance policy
244 for any loss or injury that occurs while an insured motor vehicle

245 provides, or is available to provide, transportation network company
246 services, provided such exclusion is expressly set forth in the policy
247 and such policy is approved for sale in this state.

248 (2) An insurer that provides automobile liability insurance in the
249 state shall disclose on its application for insurance, in a prominent
250 place, whether or not the policy provides coverage while an insured
251 motor vehicle provides, or is available to provide, transportation
252 network company services. If an automobile liability insurance policy
253 contains an exclusion for transportation network company services,
254 the insurer or its agent shall disclose, in writing, the exact language of
255 such exclusion to the applicant during the application process.

256 (c) In any claims coverage investigation, a transportation network
257 company and any insurer providing coverage under section 3 of this
258 act shall cooperate to facilitate the exchange of information, including
259 the times a transportation network company driver logged on and off
260 of the transportation network company's digital network or software
261 application service in the relevant dates and times during which an
262 incident occurred, and disclose to one another a clear description of the
263 coverage, exclusions and limits provided under any insurance policy
264 such company and insurer issued or maintained.

265 Sec. 5. (NEW) (*Effective July 1, 2015*) (a) If the Commissioner of
266 Transportation finds that a transportation network company has
267 violated any provision of sections 1 to 4, inclusive, of this act, such
268 company shall be fined not more than five hundred dollars for the first
269 offense and for a second offense shall be fined two thousand dollars
270 and may be enjoined from further provision in this state of
271 transportation network company services, as provided in subsection
272 (b) of this section.

273 (b) Any transportation network company that violates any
274 provision of sections 1 to 4, inclusive, of this act may be enjoined from
275 further operation or provision of any transportation network company
276 services by order of the Superior Court. The Commissioner of
277 Transportation shall bring any application for an injunction to the

278 judicial district in which the agent for service of process of any such
279 transportation network company is located. The court, upon a finding
280 of a violation of sections 1 to 4, inclusive, of this act, may issue an
281 injunction and make such orders for the discontinuance of such
282 business as it deems equitable.

283 Sec. 6. (NEW) (*Effective July 1, 2015*) Any person who provides for-
284 hire transportation in a personal motor vehicle without being a
285 transportation network company driver, or who provides for-hire
286 transportation services in a personal motor vehicle without going
287 through a transportation network company's digital network or
288 software application service shall be guilty of a class A misdemeanor.

289 Sec. 7. Subsection (a) of section 13b-97 of the general statutes is
290 repealed and the following is substituted in lieu thereof (*Effective July*
291 *1, 2015*):

292 (a) No person, association, limited liability company or corporation
293 shall operate a taxicab until such person, association, limited liability
294 company or corporation has obtained a certificate from the
295 Department of Transportation certifying that public convenience and
296 necessity require the operation of a taxicab or taxicabs for
297 transportation of passengers, the acceptance or solicitation of which
298 originates within the territory specified in such certificate except as
299 provided under subsection (d) of this section. No such certificate shall
300 be issued unless the department finds that the person, association,
301 limited liability company or corporation is suitable to operate a taxicab
302 service, after giving due consideration to, at a minimum, the following
303 factors: (1) Any convictions of the applicant under federal, state or
304 local laws relative to safety, motor vehicle or criminal violations; (2)
305 the number of taxicabs to be operated under the certificate, provided
306 no applicant for a new certificate shall operate fewer than three
307 taxicabs; (3) the adequacy of the applicant's financial resources to
308 operate the taxicab service; (4) the adequacy of insurance coverage and
309 safety equipment; and (5) the availability of qualified taxicab
310 operators. The commissioner shall request the state criminal history

311 records check for any person or any officer of any association, limited
312 liability company or corporation applying for such certificate from the
313 State Police Bureau of Identification. The commissioner shall [arrange
314 for the fingerprinting of any person or any officer of any association,
315 limited liability company or corporation applying for such certificate
316 and forward the fingerprints to said bureau which shall submit the
317 fingerprints] conduct, or have an accredited third party conduct, a
318 state and national criminal history records check, including a search of
319 the state and national sexual offender registry databases, or may
320 arrange for the fingerprinting of such person or officer to be submitted
321 to the Federal Bureau of Investigation for a national criminal history
322 records check for any federal conviction specified in subdivision (1) of
323 this subsection. The commissioner shall charge a fee for each such
324 national criminal history records check which shall be equal to the fee
325 charged by the Federal Bureau of Investigation for performing such
326 check. Such certificate shall be issued only after written application,
327 fingerprinting [and] or said criminal history records check for the same
328 has been made and public hearing held thereon. The application shall
329 be accompanied by a fee of two thousand dollars and the fee for said
330 criminal history records check. Upon receipt of such application, the
331 department shall fix a time and place of hearing thereon, provided
332 such hearing shall be held not earlier than three months after such
333 receipt, and shall promptly give written notice of the pendency of such
334 application and of the time and place of hearing thereon to such
335 applicant, the mayor of each city, the warden of each borough or the
336 first selectman of each town in which the applicant desires to originate
337 the transportation of such passengers, and to any common carrier
338 operating within the territory specified. Notwithstanding any
339 provision of this subsection, [to the contrary,] the department may,
340 upon receipt of a written application, amend an existing certificate to
341 increase the number of taxicabs which may be operated pursuant to
342 the certificate without holding a hearing on the application, provided
343 the department issues a legal notice of such application in a daily
344 newspaper in accordance with the provisions of section 1-2, gives
345 written notice of the pendency of such application to any common

346 carrier operating within the territory specified and no objection is filed
347 with the department within thirty days of each such notice.

348 Sec. 8. Section 13b-95 of the general statutes is repealed and the
349 following is substituted in lieu thereof (*Effective July 1, 2015*):

350 The term "taxicab" includes any motor vehicle operated upon any
351 street or highway or on call or demand accepting or soliciting
352 passengers indiscriminately for transportation for hire between such
353 points along streets or highways as may be directed by the passenger
354 or passengers being transported, provided nothing in this chapter shall
355 be construed to include, as a taxicab, a motor bus, as defined in section
356 14-1, [or] a motor vehicle in livery service when such motor vehicle is
357 hired for a specific trip or trips and is subject to the direction of the
358 person hiring the same, or a motor vehicle operated by a
359 transportation network company driver.

360 Sec. 9. Section 13b-101 of the general statutes is repealed and the
361 following is substituted in lieu thereof (*Effective July 1, 2015*):

362 The term "motor vehicle in livery service" includes every motor
363 vehicle used by any person, association, limited liability company or
364 corporation which represents itself to be in the business of transporting
365 passengers for hire, except (1) any motor bus and any taxicab operated
366 under a certificate of public convenience and necessity issued by the
367 Department of Transportation, (2) any school bus, as defined in section
368 14-275, or student transportation vehicle, as defined in section 14-212,
369 when used for the transportation of children under the age of twenty-
370 one years, (3) any school bus, as defined in section 14-275, when used
371 for the transportation of passengers (A) by virtue of a contract with
372 any public or private institution of higher education, (B) pursuant to a
373 contract for service to a special event held at a location or facility
374 which is not open for business on a daily basis throughout the year,
375 not to exceed a period of ten days, or (C) pursuant to a contract with a
376 municipality for which the carrier provides school transportation
377 service, (4) any motor vehicle operated by or through a community-
378 based regional transportation system for the elderly established

379 pursuant to section 55 of public act 05-280, [and] (5) any motor vehicle
380 operated by or through a community-based regional transportation
381 system for the visually impaired, and (6) any motor vehicle operated
382 by a transportation network company driver.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2015</i>	New section
Sec. 2	<i>July 1, 2015</i>	New section
Sec. 3	<i>July 1, 2015</i>	New section
Sec. 4	<i>July 1, 2015</i>	New section
Sec. 5	<i>July 1, 2015</i>	New section
Sec. 6	<i>July 1, 2015</i>	New section
Sec. 7	<i>July 1, 2015</i>	13b-97(a)
Sec. 8	<i>July 1, 2015</i>	13b-95
Sec. 9	<i>July 1, 2015</i>	13b-101

TRA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Department of Transportation	GF - Revenue Gain	up to \$20,000	up to \$20,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill creates new regulations for transportation network companies (TNC) consisting of market entry, services standards, insurance, driver licensure and operations.

Section 1 of the bill requires TNCs to pay an annual \$5,000 registration fee to the Department of Transportation which is anticipated to result in a potential revenue gain of up to \$20,000 per year to the General Fund dependent on the number of TNCs registered in the state.

Section 2 of the bill requires all TNC's vehicles to undergo safety inspections by a licensed dealer every two years and allows Department of Motor Vehicles agents to inspect these vehicles when necessary which will not result in a fiscal impact to the state. Currently, the state does not receive any revenue from motor vehicle inspections by a licensed dealer.

Section 6 results in a potential revenue gain by creating a new class A misdemeanor. It is anticipated that this will result in a revenue gain

of less than \$20,000 from fines.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6683****AN ACT REGULATING TRANSPORTATION NETWORK COMPANIES.****SUMMARY:**

This bill creates a new regulatory structure for transportation network companies (TNCs) (e.g., Uber and Lyft) that is separate from existing taxi and livery service company regulations. Among other things, the state regulates taxi and livery companies' market entry, rates, service standards, driver licensure, equipment, and operation. The bill incorporates some of these requirements in the regulatory framework it creates for TNCs.

Under the bill, a TNC is a company that provides prearranged transportation services by connecting passengers to TNC drivers, who are not TNC employees, through a digital network or software application ("app"). Unlike most taxi drivers, TNC drivers use their personal vehicles to provide rides and do not accept street hails.

Among other things, the bill:

1. requires TNCs to register with the Department of Transportation (DOT), adopt company nondiscrimination and alcohol and drug use policies, and retain certain records;
2. requires TNCs, before allowing a person to be a TNC driver, to obtain an application with certain information from the person and run criminal history and sex offender registry checks;
3. prohibits TNCs from allowing a person to be a TNC driver if he or she: (a) has certain moving violations, (b) has certain prior convictions, including theft, sexual offenses, fraud, or driving under the influence of alcohol or drugs; (c) does not have a

- valid license, insurance, or registration; or (d) is younger than 19 years old;
4. requires TNC drivers to comply with laws pertaining to nondiscrimination and service animals;
 5. prohibits TNC drivers from accepting street hails;
 6. requires TNCs to provide a place for people to request wheelchair accommodation and prohibits TNC drivers from charging more money to a person with physical disabilities because of his or her disabilities;
 7. requires (a) TNC drivers to display signs on their vehicles while providing TNC services and (b) TNCs to provide passengers with their TNC driver's picture and license plate number;
 8. establishes insurance coverage requirements for TNC drivers and their vehicles and requires TNCs and insurers to disclose to TNC drivers the limits of coverage they provide;
 9. requires safety inspections for vehicles providing TNC services;
 10. permits TNCs to charge for services and requires them to provide certain fare information to passengers and potential passengers, including information regarding dynamic pricing;
 11. requires payment for TNC services to be made electronically via its digital network or app; and
 12. establishes penalties for (a) TNCs that violate the bill's provisions and (b) people who provide for-hire transportation services in their personal vehicles without being a TNC driver.

The bill also gives taxi companies the option to conduct, or have a third-party conduct, state and national criminal history and sex offender registry checks on potential taxi drivers in lieu of the FBI fingerprinting and background check required under current law.

EFFECTIVE DATE: July 1, 2015

DEFINITIONS

The bill defines a “transportation network company” as a company, including a corporation, partnership, trust, association, sole proprietorship, or similar organization, that provides prearranged transportation services by means of a digital network or app that connects passengers to TNC drivers providing TNC services. The definition does not include a taxicab or for-hire vehicle owner.

The bill defines a “transportation network company driver” as an individual who is not an employee of a TNC but who provides TNC services using a vehicle he or she owns, leases, or is otherwise authorized to use that is not a taxicab, livery vehicle, or other for-hire vehicle.

The bill defines “transportation network company services” as the transportation of a passenger between points chosen by the passenger and prearranged via a TNC’s digital network or app. TNC services begin when a TNC driver accepts a transportation request he or she receives through the TNC’s digital network or app, continue while the TNC driver transports a passenger in the TNC driver’s vehicle, and end when the passenger exits the vehicle.

The bill leaves a number of terms undefined that are not defined elsewhere in law, presumably because they involve new technology, including “digital network” and “software application.” It also does not indicate when a “potential passenger” becomes a “passenger.”

TNC REQUIREMENTS

Registration

The bill requires TNCs to annually register in writing with the DOT commissioner on a form he provides and pay a \$5,000 registration fee. The registration must include:

1. the TNC’s name, business address, and phone number;

2. if the TNC is registered in another state, the name, address, and phone number of the TNC's agent for service of process in this state;
3. the name, address, and phone number of the TNC's main contact person for communications with DOT;
4. information sufficient to demonstrate the TNC's compliance with the bill's driver approval, insurance, and information disclosure requirements; and
5. any other nonproprietary information DOT requires.

Company Policies

Under the bill, TNCs must adopt, and notify TNC drivers of, a company policy of nondiscrimination on the basis of destination, age, race, color, creed, sex, sexual orientation, gender identity, national origin, intellectual disability, or physical disability with respect to all passengers and potential passengers.

It also requires TNCs to adopt a zero tolerance policy on the use of drugs or alcohol while a TNC driver is (1) providing TNC services or (2) logged on to the TNC's digital network or app but not providing TNC services. TNCs must provide notice of their policies on their website and app. They must also include procedures for a passenger to report a TNC driver whom or she reasonably suspects was under the influence of drugs or alcohol while providing TNC services. It is not clear whether individuals, other than passengers, can report policy violations or file a complaint on a TNC driver who was under the influence of drugs or alcohol while he or she was logged on to the digital network or app but not providing TNC services.

When a TNC receives a complaint from a passenger alleging that a TNC driver violated the alcohol and drug policy, the bill requires a TNC to immediately suspend a TNC driver's access to its digital network or app. The TNC driver's suspension must last until the TNC completes the required investigation. TNCs must retain all records

relevant to its drug and alcohol policy enforcement for at least two years after receiving a passenger complaint.

Wheelchair Accommodation

The bill requires TNCs to provide a potential passenger the opportunity to indicate that he or she needs a wheelchair-accessible vehicle. If the TNC cannot arrange suitable TNC services, it must direct the potential passenger to a wheelchair-accessible service provider, if one is available.

Record Retention

The bill requires TNCs to retain individual trip records for at least a year and TNC driver records for at least one year after the driver's activation on the digital network or app ends.

DRIVER PROVISIONS

Application and Background Check Requirements

Before a TNC allows a person to be a TNC driver, it must require the person to submit an application that includes his or her name, address, age, license number, driving history record, vehicle registration, and proof of insurance. TNCs must also conduct state and national criminal history records and sex offender registry checks, or arrange for fingerprinting for FBI background checks, before approving a person to be a TNC driver. The bill also allows TNCs to use a third party accredited by the National Association of Professional Background Screeners to conduct required checks.

The bill also permits taxi companies to conduct the third-party background checks described above in lieu of the FBI fingerprinting and records checks required by current law, but it does not appear to require that the third party conducting the checks be accredited.

Criteria for Disapproving Driver Applicants

TNCs must not hire a person as a TNC driver if he or she:

1. has more than three moving violations, or one major violation (it is unclear what constitutes a major violation), in the previous

- three years;
2. was convicted in the previous seven years of driving under the influence of drugs or alcohol, fraud, sexual offenses, theft, acts of violence or terror, using a vehicle to commit a felony, or a crime involving property damage;
 3. is listed on the state or national sex offender registry;
 4. does not have a valid driver's license;
 5. does not have proof of insurance or registration for each vehicle used to provide TNC services; or
 6. is younger than 19 years old.

Compliance with Specific Laws

The bill requires TNC drivers to comply with all applicable laws regarding nondiscrimination against passengers or potential passengers on the basis of race, color, national origin, religious belief or affiliation, sex, disability, age, sexual orientation, or gender identity. TNC drivers must also accommodate service dogs, as required by law, and must not charge a higher fare to people with physical disabilities because of their disabilities.

DRIVER IDENTIFICATION AND SIGNAGE

The bill requires TNCs to display a TNC driver's picture and license plate number for a potential passenger before he or she enters the TNC driver's vehicle. While using their vehicles to provide TNC services, TNC drivers must display a consistent and distinctive logo, insignia, or emblem on their vehicles at all times. (Presumably, this requires each TNC to have a distinctive sign that its drivers must display.) The logo, insignia, or emblem must be (1) large enough to read from 50 feet away during daylight and (2) reflective, illuminated, or otherwise visible in the dark.

INSURANCE

Coverage Requirements

The bill establishes insurance coverage requirements for TNCs and TNC drivers that vary during the different activities of a TNC driver. When a TNC driver is logged on to the TNC's digital network or app and can receive ride requests, but is not currently providing TNC services ("period one"), the TNC must provide contingent insurance coverage. When a TNC driver is providing TNC services ("period two"), he or she must be covered by the TNC's automobile insurance policy.

Under the bill, a TNC driver's car is covered by his or her automobile insurance policy during period one, provided the policy does not exclude period one from coverage. If it excludes period one from coverage, the bill requires the TNC to provide the following coverage: (1) for personal injury to or death of one person, \$50,000; (2) for personal injury to or death of more than one person, at least \$100,000; and (3) for property damage, at least \$25,000. The bill allows insurers to exclude from coverage any loss or injury that occurs while an insured vehicle provides, or is able to provide, TNC services, as long as the exclusion is expressly stated in the policy and the policy is approved for sale in the state.

During period two, the bill requires the TNC's insurance policy to cover the TNC driver's vehicle and provision of services. The TNC's insurance policy must provide (1) at least \$1,000,000 in coverage per occurrence and (2) uninsured and underinsured motorist coverage, as required by state law (see BACKGROUND).

If a TNC driver's insurance policy has lapsed, the bill requires the TNC to provide all required coverage, beginning with the first dollar of the claim. It is unclear whether "required coverage" refers to the coverage the bill requires a TNC to provide in period one or to general insurance coverage limits required by law (see BACKGROUND).

Disclosure

Before a TNC driver is permitted to accept TNC services requests on a TNC's digital network or app, the bill requires the TNC to disclose to

the driver (1) the insurance coverage and limits of liability the TNC provides when a TNC driver uses a personal vehicle in connection with a TNC's digital network or app and (2) that the TNC driver's policy may not provide coverage when he or she uses a personal vehicle in connection with a TNC's digital network or app. It is not clear whether "in connection with a TNC's digital network or app" refers to period one, period two, or both.

The bill also requires insurers providing policies in the state to disclose in a prominent place on insurance applications whether or not the policy covers a vehicle while it provides, or is available to provide (presumably, this refers to period one), TNC services. If an automobile insurance policy excludes coverage for TNC services, the insurer must disclose the exact language of the exclusion during the application process. In practice, TNC services (period two) are covered by a TNC's commercial insurance policy, and it is unlikely that an insurer would cover period two. It is also unclear whether the insurer would be required to disclose the exact language that excludes coverage under period one.

Cooperation in Claims Coverage Investigations

The bill requires TNCs and insurers providing coverage to TNC drivers during period one to cooperate and share information during claims coverage investigations. The information that must be shared includes the times a TNC driver logged on and off the TNC's digital network or app around the date and time an incident occurred. TNCs and insurers providing coverage in period one must also disclose to each other a clear description of the coverage, exclusions, and limits their respective insurance policies contain.

VEHICLE TYPES AND SAFETY INSPECTIONS

Under the bill, TNC services may be provided in coupes, sedans, and other light-duty vehicles, including vans, minivans, sport utility vehicles, hatchbacks, convertibles, and pickup trucks that are equipped and licensed for operation on state roads.

Before a person is authorized as a TNC driver, and every two years after that, the bill requires TNCs to ensure that a TNC driver's vehicle is inspected by a licensed motor vehicle dealer or repairer. The safety inspection must include: (1) foot and emergency brakes; (2) steering; (3) windshield and wipers, rear window and other glass; (4) headlights, tail lights, brake lights, and turn indicator lights; (5) front seat adjustment mechanism; (6) doors; (7) horn; (8) speedometer; (9) bumpers; (10) muffler and exhaust system; (11) tire condition, including tread depth; (12) interior and exterior rearview mirrors; and (13) safety belts and air bags for drivers and passengers.

The bill requires these safety inspections to be conducted in addition to any other inspections required by law and subjects TNC drivers' vehicles to inspection by the Department of Motor Vehicles (DMV). The TNC and TNC driver must retain inspection documents for at least two years.

FARES AND PAYMENT

The bill allows a TNC to charge a fare for TNC services as long as it discloses the following on its website or app:

1. the fare calculation method;
2. the applicable rates being charged; and
3. an option to receive an estimated fare prior to entering the TNC driver's vehicle.

Under the bill, fare payment must be made electronically via the TNC's digital network or app. TNCs must adopt, and notify TNC drivers of, a policy prohibiting TNC drivers from soliciting or accepting cash payments from passengers.

The bill also requires TNCs to provide passengers with an electronic receipt within a reasonable time following the completion of a trip. The receipt must list the trip's origin and destination, total time and distance, and total fare paid.

Dynamic Pricing

The bill sets notice and disclosure requirements for TNCs using “dynamic pricing,” or pricing that varies according to the level of demand (e.g., when the number of people requesting rides is greater than the number of available TNC drivers, a TNC might increase the fare to encourage more TNC drivers to provide services). When demand is high and dynamic pricing is in effect, a TNC must include the following on its website or app:

1. a notice to a potential passenger, before he or she requests TNC services, that dynamic pricing is in effect;
2. a feature requiring a potential passenger to confirm, before he or she completes a service request, that he or she understands that dynamic pricing will be applied; and
3. a fare estimator that allows a potential passenger to estimate, before requesting TNC services, the cost of the fare under dynamic pricing.

PENALTIES

If a TNC violates any of the bill’s provisions, they must be fined up to \$500 for a first offense and \$2,000 for a second offense. TNCs that violate the bill’s provisions may also be prohibited from operating in the state by order of the Superior Court. The DOT commissioner must bring any injunction applications to the judicial district in which the TNC’s agent for service of process is located. If the court finds a TNC in violation of the provisions of the bill, it may issue an injunction and make orders for the discontinuance of the business as it deems equitable. It is unclear whether the commissioner can initiate an injunction upon a first or second offense.

The bill also makes providing for-hire transportation services in a personal vehicle without (1) being a TNC driver or (2) going through a TNC’s digital network or app (e.g., accepting a street hail) a class A misdemeanor. By law, a class A misdemeanor is punishable by up to one year in prison, a fine of up to \$2,000, or both.

BACKGROUND***Uninsured and Underinsured Motorist Coverage***

Uninsured motorist coverage compensates a policyholder for expenses incurred when another driver who is at fault for an accident (1) has no automobile liability insurance or (2) is a hit-and-run driver. Underinsured motorist coverage compensates a policyholder when the at-fault driver has an insufficient amount of automobile liability insurance. State law requires that the limits of uninsured and underinsured motorist coverage be no less than the limits required of automobile insurance policies by law, which are: (1) for personal injury to or death of one person, \$20,000; (2) for personal injury to or death of more than one person, \$40,000; and (3) for property damage, \$10,000 (CGS §§ 38a-336; 14-112).

Related Bills

sHB 5195, File 14, favorably reported by the Insurance Committee, makes uninsured and underinsured motorist coverage an optional, rather than mandatory, part of automobile liability insurance policies issued or renewed after December 31, 2015.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute

Yea 31 Nay 0 (03/18/2015)