

2015 -- H 6342

=====
LC002868
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

—————
A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - TRANSPORTATION NETWORK
COMPANY SERVICES

Introduced By: Representatives Edwards, Palangio, Maldonado, and Lima

Date Introduced: June 24, 2015

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND
2 CARRIERS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 14.2

4 TRANSPORTATION NETWORK COMPANY SERVICES

5 **39-14.2-1. Definitions.** -- Terms used in this chapter shall be construed as follows, unless
6 another meaning is expressed or is clearly apparent from the language or context:

7 (1) "Division" means the division of public utilities and carriers;

8 (2) "Person" means and includes any individual, partnership, corporations, or other
9 association of individuals;

10 (3) "Transportation network company" or "TNC" means an entity licensed pursuant to
11 this chapter and operating in the state that uses a digital network or software application service to
12 connect passengers to transportation network company services provided by the TNC drivers. A
13 TNC is not deemed to own, control, operate or manage the vehicles used by the TNC drivers. A
14 TNC is not a jitney, as defined in § 39-13-1, a taxicab or limited public motor vehicle, as defined
15 in § 39-14-1, or a public motor vehicle, as defined in § 39-14.1-1. A TNC is not a common carrier
16 as defined in title 39;

17 (4) "Transportation network company services or "TNC services" means transportation of
18 a passenger between points chosen by the passenger and prearranged with the TNC driver

1 through the use of a digital network or software application. TNC services shall begin when the
2 TNC driver accepts a request for transportation received through the digital network or software
3 application service, continue while the TNC driver transports the passenger in the vehicle, and
4 end when the passenger exits the vehicle. TNC service is not a jitney, taxicab, for-hire vehicle or
5 street hail service.

6 (5) "Transportation network driver" or "TNC driver" means an individual who operates a
7 motor vehicle that is:

8 (i) Owned, leased or otherwise authorized for use by the individual;

9 (ii) Not a jitney, a taxicab or limited public motor vehicle, or a public motor vehicle; and

10 (iii) Used to provide TNC services.

11 **39-14.2-2. TNC's not designated as other carriers. --** TNCs or TNC drivers are not
12 common carriers, as defined in title 39; jitneys, as defined in § 39-13-1; taxicabs or limited public
13 motor vehicles, as defined in § 39-14-1; or public motor vehicles, as defined in § 39-14.1-1. In
14 addition, a TNC driver shall not be required to register the vehicle such driver uses for TNC
15 services as a commercial or for-hire vehicle.

16 **39-14.2-3. Permit required for transportation network company vehicle operation. –**

17 (a) A person shall not operate a TNC in the state until that person obtains a permit from the
18 division.

19 (b) The division shall issue a permit to each applicant that meets the requirements for a
20 TNC set forth in this chapter and pays an annual permit fee of ten thousand dollars (\$10,000) to
21 the division. Such permit shall allow up to one hundred (100) vehicles to be operated as a TNC
22 vehicle. In the event there are more than one hundred (100) vehicles operating under the same
23 TNC permit, there shall be an additional annual charge of one hundred dollars (\$100.00) for each
24 vehicle in excess of the one hundred (100) vehicles authorized under the permit. All revenues
25 received under this section shall be deposited as general revenues.

26 **39-14.2-4. Agent. –** The TNC must maintain an agent for service of process in the state.

27 **39-14.2-5. Fare charged for services provided. –** A TNC may charge a fare for the
28 services provided to the passengers; provided that, if a fare is charged, the TNC shall disclose to
29 the passengers the fare calculation method on its website or within the software application
30 service. The TNC shall also provide passengers with the applicable rates being charged and the
31 option to receive an estimated fare before the passenger enters the TNC driver's vehicle.

32 **39-14.2-6. Identification of TNC vehicles and TNC drivers. –** The TNC's software
33 application or website shall display a picture of the TNC driver, and the license plate number of
34 the vehicle utilized for providing the TNC service before the passenger enters the TNC driver's

1 vehicle. The TNC driver shall also display a picture identification card or placard suspended from
2 the vehicle's rear view mirror.

3 **39-14.2-7. Electronic receipt.** – Within a reasonable period of time following the
4 completion of a trip, a TNC shall transmit an electronic receipt to the passenger that lists: (1) The
5 origin and destination of the trip; (2) The total time and distance of the trip; and (3) An
6 itemization of the total fare paid, if any.

7 **39-14.2-8. Proof of financial responsibility.** – (a) On or before ninety (90) days after the
8 effective date of this chapter and thereafter, TNCs and TNC drivers shall comply with the
9 automobile liability insurance requirements of this chapter.

10 (b) The following automobile liability insurance requirements shall apply during the time
11 that a TNC driver is logged into the TNC's digital network and available to receive requests for
12 transportation, but is not providing TNC services:

13 (1) Automobile liability insurance subject to a limit, exclusive of interest and costs, with
14 respect to each motor vehicle of one hundred fifty thousand dollars (\$150,000) because of bodily
15 injury to, or death of, one person in any one accident; and subject to the limit for one person, to a
16 limit of three hundred thousand dollars (\$300,000), because of bodily injury to, or death of, two
17 (2) or more persons in any one accident; and a limit of seventy-five thousand dollars (\$75,000)
18 because of injury to, or destruction of, property of others in any one accident. Any insurer
19 authorized to issue an owner's policy of liability insurance as provided for in this chapter may,
20 issue a separate policy or a TNC rider for a motor vehicle being used to provide services through
21 a TNC. Pending the issue of the policy, the insurer may make an agreement to be known as a
22 binder, or may, in lieu of the policy, issue a renewal endorsement or evidence of renewal of an
23 existing policy, each of which shall be construed to provide indemnity or protection in like
24 manner and to the same extent as the policy. The provisions of this chapter shall apply to such
25 binders, renewal endorsements, or evidences of renewal that meet at least the minimum liability
26 coverage requirements set by the Rhode Island department of business regulations pursuant to §
27 31-47-2(13)(i).

28 (2) Automobile liability insurance that provides the minimum coverage requirements for
29 uninsured and underinsured motorist coverage where required by the Rhode Island department of
30 business regulation pursuant to §§ 27-7-2.1 and 31-31-7.

31 (3) Automobile liability insurance in the amounts required in subsection (b)(1) of this
32 section shall be maintained by a TNC and provide coverage in the event a participating TNC
33 driver's own automobile liability policy excludes coverage according to its policy terms or does
34 not provide coverage of at least the limits required in subsection (b)(1) of this section.

1 (c) The following automobile liability insurance requirements shall apply while a TNC
2 driver is providing TNC services, sometimes known as “period 2” or “period 3” within the TNC
3 industry:

4 (1) Provides a primary automobile liability insurance that recognizes the TNC driver's
5 provision of TNC services;

6 (2) Provides automobile liability insurance of at least one million five hundred thousand
7 dollars (\$1,500,000) for death, personal injury and property damage;

8 (3) Provides uninsured motorist coverage where required by the Rhode Island department
9 of business regulation pursuant to §§ 27-7-2.1 and 31-31-7.

10 (4) The coverage requirements of this subsection (c) may be satisfied by any of the
11 following:

12 (i) Automobile liability insurance maintained by the TNC driver; or

13 (ii) Automobile liability insurance maintained by the TNC; or

14 (iii) Any combination of paragraphs (i) and (ii) of this subdivision.

15 (d) In every instance where insurance maintained by a TNC driver to fulfill the insurance
16 requirements of this section has lapsed, failed to provide the required coverage, denied a claim for
17 the required coverage or otherwise ceased to exist, insurance maintained by a TNC shall provide
18 the coverage required by this section beginning with the first dollar of a claim.

19 (e) Insurance required by this section may be placed with an insurer authorized to do
20 business in the state or with a surplus lines insurer eligible under § 27-3-40. In the event the TNC
21 service company or operator of a vehicle uses a combined TNC policy and a personal auto policy,
22 the TNC policy must provide that the different policies work together and that there is no gap in
23 insurance coverage for all TNC providers. Insurance required by this section shall be deemed to
24 satisfy the financial responsibility requirement for a motor vehicle under § 31-47-2(13)(i)(A).

25 **39-14.2-9. TNC and insurer disclosure requirements.** – (a) The TNC shall disclose in
26 writing to TNC drivers the following before they are allowed to accept a request for TNC services
27 on the TNC's digital network:

28 (1) The insurance coverage and limits of liability that the TNC provides while the TNC
29 driver uses a personal vehicle in connection with a TNC's digital network; and

30 (2) That the TNC driver's own insurance policy may not provide coverage while the TNC
31 driver uses a vehicle in connection with a TNC's digital network depending on its terms.

32 (b) Insurers that write automobile liability insurance in Rhode Island may:

33 (1) Exclude any and all coverage and the duty to defend afforded under the owner's
34 insurance policy for any loss or injury that occurs while an insured vehicle provides or is

1 available to provide TNC services, provided such exclusion is expressly set forth in the policy
2 and approved for sale in Rhode Island. This right to exclude coverage and the duty to indemnify
3 and defend may apply to any coverage included in an automobile liability insurance policy
4 including, but not limited to:

5 (i) Liability coverage for bodily injury and property damage;

6 (ii) Uninsured and underinsured motorist coverage;

7 (iii) Medical payments coverage;

8 (iv) Comprehensive physical damage coverage;

9 (v) Collision physical damage coverage; and

10 (vi) Medical payments coverage.

11 (c) The insurer must notify an insured after receiving notice of loss, and within the time
12 required by the Rhode Island department of business regulation pursuant to § 27-9.1-1 et seq.,
13 that the insurer has no duty to defend or indemnify any person or organization for liability for a
14 loss that is properly excluded pursuant to the terms of the applicable primary or excess insurance
15 policy.

16 (d) Insurers that write automobile liability insurance in Rhode Island shall disclose on its
17 application for insurance, in a prominent place, whether or not the insurance policy provides
18 coverage while an insured vehicle provides or is available to provide TNC services. If an
19 automobile liability insurance policy contains an exclusion for TNC services, the insurer or its
20 agent must disclose in writing the exact language of such exclusion to the applicant during the
21 application process.

22 (e) In a claims coverage investigation, TNCs and any insurer providing coverage under §
23 39-14.2-8 shall cooperate to facilitate the exchange of information, including the precise times
24 that a TNC driver logged on and off of the TNC's digital network in the twenty-four (24) hour
25 period immediately preceding the accident and disclose to one another a clear description of the
26 coverage, exclusions and limits provided under any insurance policy each party issued or
27 maintained.

28 **39-14.2-10. Zero tolerance for drug and alcohol use.** – (a) The TNC shall implement a
29 zero tolerance policy on the use of drugs or alcohol while a TNC driver is providing TNC
30 services or is logged into the digital network, but is not providing TNC services, and shall provide
31 notice of this policy on its website, as well as procedures to report a complaint about a TNC
32 driver with whom a passenger was matched and whom the passenger reasonably suspects was
33 under the influence of drugs or alcohol during the course of the trip.

34 (b) Upon receipt of such passenger complaint alleging a violation of the zero tolerance

1 policy, the TNC shall immediately suspend such TNC driver's access to the digital network and
2 shall conduct an investigation into the reported incident. The suspension shall last the duration of
3 the investigation.

4 (c) The TNC shall maintain records relevant to the enforcement of this requirement for a
5 period of at least two (2) years from the date that a passenger complaint is received by the TNC.

6 **39-14.2-11. TNC Driver requirements.** – (a) Prior to permitting an individual to act as a
7 TNC driver on its digital website and software application, the TNC shall:

8 (1) Require the individual to submit an application to the TNC which includes
9 information regarding his or her address, age, driver's license, driving history, motor vehicle
10 registration, automobile liability insurance, and other information as may be required by the
11 TNC;

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

14 (i) Multi-state/multi-jurisdiction criminal records locator or other similar commercial
15 nationwide database with validation (primary source search); and

16 (ii) National sex offender registry database.

17 (3) Obtain and review a driving history research report for such individual.

18 (b) The TNC shall not permit an individual to act as a TNC driver for its digital website
19 who:

20 (1) Has had more than three (3) moving violations in the prior three (3) year period, or
21 one major violation in the prior three (3) year period (including, but not limited to, attempting to
22 evade the police, reckless driving, or driving on a suspended or revoked license);

23 (2) Has been convicted, within the past seven (7) years, of driving under the influence of
24 drugs or alcohol, fraud, sexual offenses, use of motor vehicle to commit a felony, a crime
25 involving property damage, and/or theft, acts of violence or acts of terror;

26 (3) Is found in the national sex offender registry database;

27 (4) Does not possess a valid driver's license;

28 (5) Does not possess proof of registration for the motor vehicle(s) used to provide TNC
29 services;

30 (6) Does not possess proof of automobile liability insurance for the motor vehicle(s) used
31 to provide TNC services; or

32 (7) Is not at least nineteen (19) years of age.

33 (c) The TNC shall submit to the division all information collected pursuant to this
34 section for all individual applicants who are permitted by the TNC to act as a TNC driver on its

1 digital website and software application.

2 **39-14.2-12. Safety and sanitary condition of vehicles.** – A TNC shall require that any
3 motor vehicle(s) that a TNC driver will use to provide TNC services meets the vehicle safety
4 and/or emissions requirements for a private motor vehicle in Rhode Island or the state in which
5 the vehicle is registered.

6 **39-14.2-13. Operations of vehicles.** – A TNC driver shall exclusively accept rides
7 booked through a TNC's digital network or software application service and shall not solicit or
8 accept street hails.

9 **39-14.2-14. No cash trips.** – The TNC shall adopt a policy prohibiting solicitation or
10 acceptance of cash payments from passengers and notify TNC drivers of such policy. TNC
11 drivers shall not solicit or accept cash payments from passengers. Any payment for TNC services
12 shall be made only electronically using the digital network or software applications.

13 **39-14.2-15. No discrimination - accessibility.** – (a) The TNC shall adopt a policy of
14 non-discrimination on the basis of pick up location, destination, race, color, national origin,
15 religious belief or affiliation, sex, disability, age, sexual orientation/identity, or gender identity
16 with respect to passengers and potential passengers and notify TNC drivers of such policy.

17 (b) TNC drivers shall comply with all applicable laws regarding non-discrimination
18 against passengers or potential passengers on the basis of pick up location, destination, race,
19 color, national origin, religious belief or affiliation, sex, disability, age, sexual orientation, or
20 gender identity.

21 (c) TNC drivers shall comply with all applicable laws relating to accommodation of
22 service animals.

23 (d) A TNC shall not impose additional charges for providing services to persons with
24 physical disabilities because of those disabilities.

25 (e) A TNC shall provide passengers an opportunity to indicate whether they require a
26 wheelchair accessible vehicle. If a TNC cannot arrange wheelchair accessible TNC service in any
27 instance, it shall direct the passenger to an alternate provider of wheelchair accessible service, if
28 available.

29 **39-14.2-16. Accessible transportation fund.** – There shall be established and set up on
30 the books of the state a separate fund to be known as the Rhode Island accessible transportation
31 fund. The fund shall consist of an annual surcharge fee of no more than ten thousand dollars
32 (\$10,000) per year by any TNC that does not provide wheelchair-accessible service and all other
33 monies credited or transferred to the fund from any other source under law. The division shall be
34 the trustee of the fund and may only expend monies in the fund, without further appropriation, to

1 enhance wheelchair-accessible service within the TNC industry.

2 **39-14.2-17. Records.** – A TNC shall maintain: (1) Individual trip records for at least one
3 year from the date each trip was provided; and (2) TNC driver records at least until the one year
4 anniversary of the date on which a TNC driver's activation on the digital network has ended.

5 **39-14.2-18. Personally identifiable information.** – A TNC shall not disclose a
6 passenger's personally identifiable information to a third party unless: the passenger consents,
7 disclosure is required by a legal obligation, or disclosure is required to protect or defend the terms
8 of use of the service or to investigate violations of those terms. In addition to the foregoing, a
9 TNC shall be permitted to share a passenger's name and/or telephone number with the TNC
10 driver providing TNC services to such passenger in order to facilitate correct identification of the
11 passenger by the TNC driver or to facilitate communication between the passenger and the TNC
12 driver.

13 **39-14.2-19. Controlling authority.** – Notwithstanding any other provisions of law,
14 except as expressly provided for in this chapter, TNCs and TNC drivers are governed exclusively
15 by this chapter and any rules promulgated by the division consistent with this chapter. No
16 municipality or other local entity may impose a tax on, or require a license for, a TNC, TNC
17 driver, or a vehicle used by a TNC driver where such tax or license is related to providing TNC
18 services, or subject a TNC to the municipality or other local entity's rate, entry, operation or other
19 requirements.

20 **39-14.2-20. TNCs subject to taxation.** -- All TNCs and TNC services shall be subject to
21 the same taxes as taxicabs and public motor vehicles, including but not limited to sales and use
22 taxes.

23 **39-14.2-21. Use of TNC's digital network by others.** -- A taxicab or public motor
24 vehicle may accept a request for transportation received through a TNC's digital network or
25 software application service, and may charge a fee for those services that is similar to those
26 charged by a TNC.

27 SECTION 2. Sections 39-14.1-5 and 39-14.1-8 of the General Laws in Chapter 39-14.1
28 entitled "Public Motor Vehicles" are hereby amended to read as follows:

29 **39-14.1-5. Safety and sanitary condition of vehicles.** – ~~Inspection. The division of~~
30 ~~motor vehicles shall have jurisdiction over the lighting, equipment, safety, and sanitary condition~~
31 ~~of all public motor vehicles and shall cause an inspection of it to be made before registering it,~~
32 ~~and from time to time thereafter, as it shall deem necessary for the convenience, protection and~~
33 ~~safety of passengers and of the public. A fee of twenty five dollars (\$25.00) shall be paid to the~~
34 ~~division of motor vehicles for each annual inspection.~~ All public motor vehicles and taxis shall

1 [meet the vehicle safety and/or emissions requirements for a private motor vehicle in Rhode Island](#)
2 [or the state in which the vehicle is registered, but no additional safety or sanitary inspections shall](#)
3 [be required.](#)

4 **39-14.1-8. Licensing of operators.** – No person shall operate a public motor vehicle [or](#)
5 [taxi](#) upon the public highways until the person shall have first obtained an operator's license as
6 provided for in chapter 10 of title 31. ~~Further, no person shall operate a public motor vehicle upon~~
7 ~~the highways until the person shall have first obtained a special license from the division of~~
8 ~~public utilities and carriers under any rules and regulations that the division of public utilities and~~
9 ~~carriers shall require.~~

10 SECTION 3. This act shall take effect upon passage.

=====
LC002868
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - TRANSPORTATION NETWORK
COMPANY SERVICES

1 This act would create a comprehensive regulatory scheme for motor vehicle passenger
2 services provided by transportation network companies which use digital network as software
3 application services to connect passengers to transportation providers. The act would also allow a
4 taxicab or public motor vehicle to accept a request for transportation received through a TNC's
5 digital network. The act would also remove certain requirements for public motor vehicles and
6 taxis regarding safety and sanitary inspections. It would also remove the requirement of
7 obtaining a special license from the division of public utilities and carriers to operate a public
8 motor vehicle or taxi.

9 This act would take effect upon passage.

=====
LC002868
=====