

**SUBSTITUTE FOR
HOUSE BILL NO. 5951**

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

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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 [in a form prescribed by the department] on an annual
19 basis to the department providing proof
20 of all of the following:

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

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

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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. [In every instance where insurance maintained by a transportation
network company driver to fulfill the insurance requirements of this
section has lapsed, failed to provide the required coverage, denied a
claim for the required coverage or otherwise ceased to exist, insurance
maintained by a transportation network company shall provide the coverage
required by this section beginning with the first dollar of a claim.]

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.

- 1 (xv) Bumpers.
- 2 (xvi) Muffler and exhaust system.
- 3 (xvii) Tires, including tread depth.
- 4 (xviii) Interior and exterior mirrors.
- 5 (xix) Safety belts.
- 6 (xx) Defrosting system.

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

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

15 (b) The signage or emblem shall be reflective.

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

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

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

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

26 (i) The passenger consents.

27 (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

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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.

[(g) Certify annually that it has complied with section 3(f), (g),
and (h) during the 1-year period prior to the certification.

(h) Maintain the information required by section 3(d), (f), (g),
and (h) for each transportation network company driver while he or she
uses the transportation network company platform and for a period of 1
year after the transportation network company driver last accesses the
transportation network company platform.]

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.

[(2) A transportation network company shall maintain a roster of
transportation network company drivers used by that transportation
network company, categorized by geographic location, and shall submit the
roster in electronic format to the department upon request. The roster
required by this subsection shall contain all of the following
information for each transportation network company driver:

(a) The transportation network company driver's full legal name.

(b) The transportation network company driver's operator's license number.

(c) The vehicle identification number and registration plate number for each vehicle used by the transportation network company driver for transportation network company activities.

(3) The roster described in subsection (2) and any other information that a transportation network company is required to make available to the department under this act is confidential and proprietary information, regardless of whether it is marked as such, and shall not be disclosed to any person without the transportation network company's express written permission.

(4) The information described in subsection (3) is exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, or other applicable law.

(5) If the department receives a request for the information described in subsection (3) under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, or any other applicable law, the department shall notify the transportation network company of that request within 3 business days of receipt of the request. The department shall withhold the information described in subsection (3) from disclosure under any available bases under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, including section 13(1)(d) and (f) of the freedom of information act, 1976 PA 442, MCL 15.243, or other applicable law.

(6) If a lawsuit is filed seeking the public release of the information described in subsection (3), the department shall continue to withhold the information until all appeals are exhausted and it receives a final judgment ordering the release of that information. If the department is required to release the information described in subsection (3), the department shall redact any personal or confidential business information from the records to the extent it is consistent with applicable law and the final judgment.

26 (7) If a transportation network company driver's insurance

27 coverage as required under this act is canceled, is revoked, or is

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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 [(8)] 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).