

By: Paddie

H.B. No. 2440

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of transportation network companies;
imposing and authorizing fees; requiring an occupational permit.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle C, Title 14, Occupations Code, is amended by adding Chapter 2402 to read as follows:

CHAPTER 2402. TRANSPORTATION NETWORK COMPANIES

Sec. 2402.001. DEFINITIONS. In this chapter:

(1) "Department" means the Texas Department of Motor Vehicles.

(2) "Transportation network company" means an entity that uses a digital network or software application service to connect passengers to transportation network services provided by transportation network drivers.

(3) "Transportation network driver" means an individual who operates a motor vehicle that is:

(A) owned, leased, or otherwise authorized for use by the individual; and

(B) used to provide transportation network services.

(4) "Transportation network services" means transportation of a passenger between points chosen by the passenger and prearranged with a transportation network driver through the use of a transportation network company's digital

1 network or software application. The term includes services
2 beginning from the acceptance of a request for transportation
3 received through the transportation network company's digital
4 network or software application service and terminating when the
5 passenger exits the transportation network driver's vehicle.

6 Sec. 2402.002. NATURE OF TRANSPORTATION NETWORK COMPANIES,
7 DRIVERS, AND VEHICLES. (a) Transportation network companies and
8 transportation network drivers are not common carriers, contract
9 carriers, or motor carriers and do not provide taxicab, for-hire,
10 or street hail service.

11 (b) A transportation network company:

12 (1) does not own, control, operate, or manage vehicles
13 used by transportation network drivers; and

14 (2) is not a taxicab company or for-hire vehicle
15 owner.

16 Sec. 2402.003. PERMIT REQUIRED; FEE. (a) A person may not
17 operate a transportation network company in this state without
18 obtaining and maintaining a permit issued by the department.

19 (b) The department shall issue a permit to each applicant
20 that meets the requirements of this chapter and pays the fee
21 required by Subsection (c).

22 (c) A transportation network company must pay a fee of
23 \$5,000 annually to the department to maintain a permit under this
24 chapter.

25 (d) The department may suspend or revoke a permit issued to
26 a transportation network company that violates a provision of this
27 chapter.

1 Sec. 2402.004. AGENT. A transportation network company
2 shall maintain an agent for service of process in this state.

3 Sec. 2402.005. FARES. A transportation network company
4 charging a fare for its services shall:

5 (1) disclose to passengers the fare calculation method
6 on the company's Internet website or within the company's software
7 application service; and

8 (2) before a passenger enters the transportation
9 network driver's vehicle, provide the passenger with:

10 (A) the applicable rates being charged for the
11 service; and

12 (B) the option to receive an estimated fare.

13 Sec. 2402.006. IDENTIFICATION OF VEHICLES AND DRIVERS. The
14 transportation network company's software application or Internet
15 website must display, before the passenger enters the
16 transportation network driver's vehicle:

17 (1) a picture of the transportation network driver;
18 and

19 (2) the vehicle's license plate number.

20 Sec. 2402.007. ELECTRONIC RECEIPT. Within a reasonable
21 period of time following the completion of a trip, a transportation
22 network company shall transmit an electronic receipt to the
23 passenger that lists:

24 (1) the origin and destination of the trip;

25 (2) the total time and distance of the trip; and

26 (3) an itemization of the total fare paid, if any.

27 Sec. 2402.008. INSURANCE. (a) During the time that a

1 transportation network driver is logged into a transportation
2 network company's digital network but not providing transportation
3 network services, financial responsibility for the driver's
4 vehicle must be established as required under Chapter 601,
5 Transportation Code, except that the motor vehicle liability
6 insurance policy must be an owner's or operator's policy that is
7 issued by:

8 (1) an insurance company authorized to write motor
9 vehicle liability insurance in this state; or

10 (2) a surplus lines insurer under Chapter 981,
11 Insurance Code.

12 (b) The requirements of Subsection (a) may be satisfied by a
13 combination of insurance policies maintained by the transportation
14 network company or transportation network driver, including a motor
15 vehicle liability insurance policy that provides coverage in the
16 event the driver's policy excludes coverage according to its terms.

17 (c) During the time that a transportation network driver is
18 providing transportation network services, the transportation
19 network company must establish financial responsibility for the
20 driver's vehicle through a motor vehicle liability insurance policy
21 that:

22 (1) provides coverage of at least \$1 million per
23 accident for bodily injury and property damage; and

24 (2) is issued by an insurer described by Subsection
25 (a).

26 (d) The requirements of Subsection (c) may be satisfied by a
27 combination of insurance policies maintained by the transportation

1 network company or transportation network driver.

2 (e) A transportation network driver involved in an accident
3 while providing transportation network services shall:

4 (1) provide proof that the vehicle involved in the
5 accident is insured as required by this section at the time of the
6 accident; and

7 (2) notify the transportation network company of the
8 accident.

9 Sec. 2402.009. ZERO-TOLERANCE POLICY FOR DRUG OR ALCOHOL
10 USE. (a) A transportation network company shall:

11 (1) implement a zero-tolerance policy that prohibits a
12 transportation network driver from using or being under the
13 influence of drugs or alcohol when the driver:

14 (A) is providing transportation network
15 services; or

16 (B) is logged into the transportation network
17 company's digital network but is not providing transportation
18 network services; and

19 (2) post on its Internet website:

20 (A) notice of the policy; and

21 (B) procedures to report a complaint about a
22 driver with whom a passenger was matched and who the passenger
23 reasonably suspects was using or was under the influence of drugs or
24 alcohol during the course of the trip.

25 (b) On receipt of a passenger complaint alleging a violation
26 of the zero-tolerance policy, the transportation network company
27 shall:

1 (1) conduct an investigation into the reported
2 incident; and

3 (2) immediately suspend the transportation network
4 driver's access to the company's digital network for the duration of
5 the investigation.

6 (c) The transportation network company shall maintain
7 records relevant to a complaint for a period of at least two years
8 after the date the complaint is received.

9 Sec. 2402.010. DRIVER REQUIREMENTS. (a) Before allowing an
10 individual to act as a transportation network driver on its digital
11 network, a transportation network company shall:

12 (1) require the individual to submit an application to
13 the company, which must include information regarding the person's
14 address, age, driver's license, driving history, motor vehicle
15 registration, motor vehicle liability insurance, and other
16 information required by the company;

17 (2) conduct, or have a third party conduct, a local and
18 national criminal background check for each applicant that includes
19 the use of:

20 (A) a commercial multistate and
21 multi-jurisdiction criminal records locator with primary source
22 validation; and

23 (B) the national sex offender registry database
24 maintained by the United States Department of Justice or successor
25 agency; and

26 (3) obtain and review the person's driving record.

27 (b) The transportation network company may not permit to act

1 as a transportation network driver on its digital network a person
2 who:

3 (1) has been convicted of:

4 (A) more than three offenses classified by the
5 Department of Public Safety as moving violations in the preceding
6 three-year period; or

7 (B) one of the following offenses in the
8 preceding three-year period:

9 (i) fleeing or attempting to elude a police
10 officer under Section 545.421, Transportation Code;

11 (ii) reckless driving under Section
12 545.401, Transportation Code;

13 (iii) driving without a valid driver's
14 license under Section 521.025, Transportation Code; or

15 (iv) driving with an invalid driver's
16 license under Section 521.457, Transportation Code;

17 (2) has been convicted, in the preceding seven-year
18 period, of driving while intoxicated under Section 49.04 or 49.045,
19 Penal Code;

20 (3) has been convicted at any time of:

21 (A) fraud;

22 (B) a sexual offense; or

23 (C) use of a motor vehicle to commit:

24 (i) a felony;

25 (ii) a crime involving property damage;

26 (iii) theft;

27 (iv) an act of violence; or

- 1 (v) an offense of making a terroristic
- 2 threat;
- 3 (4) is a match in the national sex offender registry
- 4 database;
- 5 (5) does not possess a valid driver's license;
- 6 (6) does not possess proof of registration or
- 7 financial responsibility for the motor vehicle used to provide
- 8 transportation network services; or
- 9 (7) is younger than 19 years of age.

10 Sec. 2402.011. VEHICLE SAFETY AND EMISSIONS. A
11 transportation network company shall require that each motor
12 vehicle that a transportation network driver will use to provide
13 transportation network services meets the requirements of Chapter
14 548, Transportation Code.

15 Sec. 2402.012. NO STREET HAILS. A transportation network
16 driver may accept only rides booked through a transportation
17 network company's digital network or software application service
18 and may not solicit or accept street hails.

19 Sec. 2402.013. NO CASH TRIPS. The transportation network
20 company shall prohibit solicitation or acceptance of cash payments
21 from passengers and notify transportation network drivers of the
22 prohibition. A transportation network driver may not solicit or
23 accept cash payments from passengers. Payment for transportation
24 network services may be made only electronically using the
25 transportation network company's digital network or software
26 application.

27 Sec. 2402.014. NO DISCRIMINATION; ACCESSIBILITY. (a) A

1 transportation network company shall adopt a policy of
2 nondiscrimination on the basis of destination, race, color,
3 national origin, religious belief or affiliation, sex, disability,
4 age, sexual orientation, or gender identity with respect to
5 passengers and potential passengers and notify transportation
6 network drivers of the policy.

7 (b) A transportation network driver shall comply with all
8 applicable laws regarding nondiscrimination against passengers or
9 potential passengers on the basis of destination, race, color,
10 national origin, religious belief or affiliation, sex, disability,
11 age, sexual orientation, or gender identity.

12 (c) A transportation network driver shall comply with all
13 applicable laws relating to accommodation of service animals.

14 (d) A transportation network company may not impose
15 additional charges for providing services to persons with physical
16 disabilities because of those disabilities.

17 (e) A transportation network company shall provide
18 passengers an opportunity to indicate whether they require a
19 wheelchair-accessible vehicle. If a transportation network company
20 is unable to arrange wheelchair-accessible transportation network
21 service, the company shall direct the passenger to an alternate
22 provider of wheelchair-accessible service, if available.

23 Sec. 2402.015. ACCESSIBLE TRANSPORTATION; SURCHARGE. (a)
24 The department may impose a fee, not to exceed \$10,000 annually, on
25 transportation network companies, taxicab companies, and limousine
26 and other for-hire vehicle companies that do not provide
27 wheelchair-accessible service and deposit the fees into an account

1 in the general revenue fund to provide grants to transportation
2 network companies, taxicab companies, and limousine and other
3 for-hire vehicle companies that provide wheelchair-accessible
4 service.

5 (b) A grant distributed under Subsection (a):

6 (1) may be in an amount not to exceed \$15,000; and

7 (2) may be distributed only to a company that meets a
8 minimum level of service as determined by department rule.

9 Sec. 2402.016. RECORDS. A transportation network company
10 shall maintain:

11 (1) individual trip records for at least one year
12 after the date the trip was provided; and

13 (2) transportation network driver records at least
14 until the first anniversary of the date on which a transportation
15 network driver's activation on the company's digital network has
16 ended.

17 Sec. 2402.017. PERSONALLY IDENTIFIABLE INFORMATION. (a) A
18 transportation network company may not disclose a passenger's
19 personally identifiable information to a third party unless:

20 (1) the passenger consents to the disclosure;

21 (2) disclosure is required by a legal obligation; or

22 (3) disclosure is required to:

23 (A) protect or defend the terms of use of the
24 service; or

25 (B) investigate violations of those terms.

26 (b) In addition to the disclosures authorized under
27 Subsection (a), a transportation network company may share a

1 passenger's name or telephone number with the transportation
2 network driver providing transportation network services to the
3 passenger to facilitate correct identification of the passenger by
4 the transportation network driver or to facilitate communication
5 between the passenger and the transportation network driver.

6 Sec. 2402.018. CONTROLLING AUTHORITY. Notwithstanding any
7 other provision of law, transportation network companies and
8 transportation network drivers are governed exclusively by this
9 chapter and any rules adopted by the department under this chapter.
10 A municipality or other local entity may not:

11 (1) impose a tax on, or require a license for, a
12 transportation network company or a transportation network driver;
13 or

14 (2) subject a transportation network company or
15 transportation network driver to the municipality's or other local
16 entity's rate, entry, operational, or other requirements.

17 SECTION 2. This Act takes effect September 1, 2015.