



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 184 (as introduced 3-9-15)
Sponsor: Senator Rick Jones
Committee: Regulatory Reform

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CONTENT

The bill would amend the Limousine Transportation Act to include transportation network companies, transportation network drivers, and transportation network vehicles, in various regulations that apply to limousines and limo carriers of passengers. The regulations involve fitness to operate, insurance requirements, safety inspections, and the expiration of a certificate of authority to operate.

The bill also would impose various fees on transportation network company drivers and vehicles, extend certain exemptions and exceptions under the Act, and include transportation network company drivers in provisions of the Act concerning violations.

The bill would take effect 90 days after its enactment.

Definitions

The bill would define "transportation network company" as a person operating in Michigan that uses a digital network to connect riders to transportation network company drivers for the purpose of providing transportation. The term would not include taxi service, transportation service arranged through a transportation broker, a ridesharing arrangement, or a transportation service using fixed routes at regular intervals.

"Transportation network company driver" would mean an individual who uses a transportation network company vehicle to provide transportation services for riders who are matched to that individual through a transportation network company's digital network, regardless of whether the individual is employed by a transportation network company.

"Transportation network company vehicle" would mean a motor vehicle that is being operated by a transportation network company driver while he or she is logged into a transportation network company's digital network.

Certificate of Authority

Fitness. The Act requires the Michigan Department of Transportation (MDOT) to issue a certificate of authority, without a hearing, to a limo carrier of passengers authorizing that carrier to provide transportation services subject to the Department's jurisdiction under the Act. The requirement applies if MDOT finds that the carrier is fit, willing, and able to provide the transportation service authorized by the certificate and to comply with the Act, and if the applicant presents evidence of personal injury protection and property damage liability insurance required under the Act. The Department may attach terms or conditions to the

exercise of the privilege granted by a certificate of authority as it considers appropriate. Under the bill, those provisions would apply a transportation network company driver as well as a limo carrier of passengers.

In determining the fitness, willingness, and ability of an applicant for a certificate of authority to provide transportation service, MDOT must consider certain factors, including that the character and condition of each limousine are such that it may be operated safely upon the public highways based on an inspection required under the Act. Any limousine that does not pass the required inspection may not be operated over Michigan's public highways. Under the bill, these provisions also would apply to each transportation network company vehicle.

The Act defines "limousine" as a self-propelled motor vehicle used in the carrying of passengers and their baggage for hire upon a public highway of this State with a seating capacity of 15 passengers or less, including the driver. Under the bill, except as otherwise provided in the Act, "limousine" would not include a transportation network company vehicle.

Insurance. An applicant for a certificate must acquire certain insurance coverage of liability for acts or omissions of the applicant as a limo carrier of passengers.

For a limousine with a seating capacity of one to nine passengers including the driver, the applicant must acquire bodily injury and property damage liability insurance with a minimum combined single limit of \$1.0 million for all people injured or for property damage. For limousines with a seating capacity of 10 to 15 passengers including the driver, that coverage must have a minimum combined single limit of \$2.0 million for all people injured or for property damage. An applicant also must acquire personal protection insurance and property protection insurance as required by Chapter 31 (Motor Vehicle and Personal Property Protection) of the Insurance Code. A limo carrier of passengers must maintain the insurance described in Chapter 31 as a condition of maintaining a certificate of authority. An applicant who does not satisfy the insurance requirements may not be issued a certificate of authority to provide transportation service as a limo carrier of passengers.

If the insurance coverage required under the Act is canceled for any reason, the certificate of authority issued to that limo carrier of passengers is considered revoked without any further action by MDOT.

Under the bill, all of the insurance requirements described above also would apply to a transportation network company driver and transportation network company vehicles.

Safety Inspection. Under the Act, each limo carrier of passengers that holds a certificate of authority must have each limousine inspected annually by a mechanic certified under the Motor Vehicle Service and Repair Act at a motor vehicle repair facility registered under that Act that is designated by MDOT as an inspection station. Each limousine operated by a carrier under its certificate of authority must pass the safety inspection that meets MDOT's specifications for safe operating character and condition for the renewal of the certificate. A limousine that does not pass a required inspection may not be operated over Michigan's public highways. Under the bill, those provisions also would apply to a transportation network company vehicle operated by a transportation network company driver.

The Limousine Transportation Act allows a county, city, village, or township that has adopted an ordinance to regulate limousines or a limo carrier of passengers within its corporate limits to perform the safety inspection required by the Act upon the request of a carrier. The bill also would allow a local unit that had adopted an ordinance to regulate transportation network company vehicles or a transportation network company driver to perform the safety inspection upon the request of a transportation network company driver.

Expiration. All certificates granted by MDOT under the Act terminate on the last day of February of each year unless renewed on or before that date with payment of the appropriate fee. The certificate of any limo carrier of passengers that is delinquent in paying required fees is canceled and revoked on or after March 1 of the year for which renewal should have been made, and the carrier is prohibited from operating any of its vehicles on Michigan highways. All privileges granted to the carrier under the expiring certificate cease at that time. Under the bill, these provisions also would apply to a transportation network company and transportation network company driver.

Fees

Filing & Per-Vehicle Fees. The Act requires an applicant for an original certificate of authority to pay to MDOT a filing fee of \$300 and a fee of \$50 times the number of limousines to be used by the limo carrier of passengers to provide transportation for hire. Under the bill, those fees also would apply to transportation network company vehicles to be used by a transportation network company driver.

Renewal Fees. Under the Act, each limo carrier of passengers that holds a certificate of authority must pay to MDOT an annual renewal fee equal to \$50 times the number of limousines that are used exclusively by the carrier to provide transportation of passengers for hire and meet the annual safety inspection requirements. Under the bill, those requirements also would apply to a transportation network company driver and the fee would be based on the number of transportation network company vehicles that were used by the driver to provide transportation of passengers for hire and meet the renewal inspection requirements.

An annual renewal fee of \$500 must be paid for any limousine not meeting the annual renewal inspection requirement. The bill also would require that fee for any transportation network company vehicle not meeting the annual renewal inspection requirement.

New Vehicle Fees. For newly acquired limousines purchased by a limo carrier of passengers who holds a certificate of authority to provide transportation for hire, the carrier must pay to MDOT a maximum \$50 fee per limousine to obtain a current-year certification after the required safety inspection. Under the bill, for newly acquired transportation network company vehicles providing transportation for hire for a transportation network company, the driver would have to pay MDOT a maximum \$50 fee per transportation network company vehicle to obtain a current-year certification after the required inspection.

Safety Inspection Fee. The Act allows each limo carrier of passengers that holds a certificate of authority to have the required annual renewal inspection conducted by a local unit that has adopted a regulatory ordinance, and then submit a copy of the safety inspection report to MDOT and pay a fee equal to \$5 times the number of limousines inspected. The bill would include a transportation network company driver and transportation network company vehicle in that provision.

Exemptions & Exceptions

The Act does not apply to a limo carrier of passengers that is any of the following:

- A county, city, township, or village as provided by law or other authority incorporated under Public Act 55 of 1964 (which provides for the incorporation of public authorities to operate mass transportation systems).
- An authority that is incorporated under the Metropolitan Transportation Authorities Act, or that operates a transportation service under an interlocal agreement under the Urban Cooperation Act.

- Operating under a contract entered into under Public Act 8 of the Extra Session of 1967 (which provides for intergovernmental transfers of functions and responsibilities) or Public Act 35 of 1951 (which authorizes intergovernmental contracts between municipalities).
- An authority incorporated under the Public Transportation Authority Act, or a nonprofit corporation organized under the Nonprofit Corporation Act that provides transportation services.
- An authority financing public improvements to transportation systems under the Revenue Bond Act.
- Only operating limousines to provide the transportation of passengers for funerals.
- Only operating within the boundaries of a local unit of government that has its own safety inspection and insurance requirements.

Under the bill, the Limousine Transportation Act also would not apply to a transportation network company driver who met any of those criteria.

The bill also provides that the Act would not apply to a limo carrier of passengers or a transportation network company driver that was operating within the jurisdiction of an authority created under the Aeronautics Code of the State of Michigan, or a municipality or a group of municipalities that formed an authority to regulate transportation network companies or transportation network company drivers under the Municipal Partnership Act or the Public Transportation Authority Act and had adopted rules, ordinances, resolutions, policies, or procedures governing the registration or licensing of transportation network companies or transportation network company drivers.

In addition, the bill provides that the Act would not prohibit an authority created under the Aeronautics Code, or a municipality or a group of municipalities that formed an authority to regulate transportation network companies, transportation network company drivers, or transportation network company vehicles under the Municipal Partnership Act or the Transportation Authority Act, from adopting a rule, ordinance, resolution, policy, or procedure that was more restrictive than the Limousine Transportation Act. An authority, municipality, or group of municipalities that did so could impose a reasonable fee to recover the costs of administering the registration or licensing of transportation network companies, transportation network company drivers, or transportation network company vehicles.

Operating within Detroit

A limo carrier of passengers that operates Class B limousines for the purpose of picking up passengers within a city with a population of 750,000 or more must also comply with the vehicle-for-hire ordinance of that city with respect to those limousines. A limo carrier of passengers may remain in the city, however, during a given trip for the sole purpose of picking up the same passengers that it originally brought into the city on that trip.

Under the bill, those provisions would apply to a limo carrier of passengers or a transportation network company driver that operated Class B limousines or transportation network company vehicles for the purpose of picking up passengers within a city with a population of 500,000 or more. (Detroit's population was 713,777 as of the 2010 census.)

Violations

The Act provides for its enforcement and authorizes a peace officer to arrest a person found violating, or having violated, the Act or a rule promulgated under it. The offense may be prosecuted in any jurisdiction in or through which any limousine implicated was present at the time of the violation. Under the bill, a violation could be prosecuted in any jurisdiction in or through which any limousine or transportation network company vehicle implicated was present at the time of the violation.

Each person subject to the Act who operates a limousine service without obtaining a certificate of authority or without meeting the Act's insurance requirements is subject to a maximum fine of \$500. Each violation constitutes a separate offense. Under the bill, that penalty would apply to each person subject to the Act who operated a limousine service and each transportation network company driver subject to the Act who operated a transportation network company vehicle or a Class B limousine without obtaining a certificate of authority or meeting the Act's insurance requirements.

Currently, a limo carrier of passengers, or an officer or agent of the carrier, who requires or permits a person to drive or operate a limousine in violation of the Act or a rule promulgated under it is guilty of a misdemeanor punishable by a maximum fine of \$500 and/or up to 90 days' imprisonment. Under the bill, that penalty also would apply to a transportation network company driver, or an officer or agent of a driver, who required a person to drive or operate a transportation network company vehicle in violation of the Act or a rule promulgated under it.

MCL 257.1903 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate positive impact at the State and local levels. The number of vehicles that would be subject to the bill's provisions is unknown.

Fiscal Analyst: Glenn Steffens

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.