

# SENATE BILL REPORT

## SB 5926

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As of February 26, 2019

**Title:** An act relating to the creation of a statewide regulatory structure for transportation network companies.

**Brief Description:** Concerning transportation network companies.

**Sponsors:** Senators Hobbs, King, Takko and Zeiger.

**Brief History:**

**Committee Activity:** Transportation: 2/25/19.

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| <p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Establishes statewide regulation of Transportation Network Companies.</li></ul> |
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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Kelly Simpson (786-7403)

**Background:** State law currently provides for the regulation of certain private transportation providers, such as aeroporters, limousines, for-hire vehicles, taxicabs, and charter and excursion buses. However, current law does not specifically provide for the regulation of what are commonly known as ridesharing companies, which are companies that use a digital network to connect passengers to drivers for the purpose of providing a prearranged ride, often by use of the driver's personal vehicle.

Commercial transportation services providers are businesses that use a digital network or software application to connect passengers to drivers to provide prearranged rides. These providers are not taxicab companies, charter or excursion service carriers, auto transportation companies, private nonprofit transportation providers, or limousine carriers. There are statutory requirements regarding liability insurance for personal vehicles being used for commercial transportation services. Insurance must be provided for all times that a driver is logged into a commercial transportation services provider's digital network or software application.

**Summary of Bill:** The bill as referred to committee not considered.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill (Proposed Substitute):** Transportation network companies (TNCs) are defined as businesses that use a digital network to connect passengers to drivers for the purpose of providing a prearranged ride. A TNC driver is an individual who connects to passengers via a TNC's digital network to provide prearranged rides for compensation using the driver's vehicle. TNC services are defined as all times the driver is logged into a TNC's digital network to provide prearranged rides.

The Department of Licensing (DOL) must regulate TNCs, including, but not limited to, the following:

- TNCs must obtain an operating license from DOL which must be renewed annually;
- TNC drivers must obtain a valid TNC driver permit from DOL which must be renewed annually;
- DOL may suspend, revoke, condition, or otherwise limit a TNC license or a TNC driver permit for certain violations;
- DOL must approve the format for certain TNC quarterly reporting requirements regarding certain data elements about a TNCs' services;
- DOL must charge a \$0.50 per trip fee on each prearranged ride provided by a TNC driver;
- DOL, in consultation with local jurisdictions, may annually adjust the \$0.50 per trip fee to support expenses incurred regarding the regulatory activities; and
- DOL must spend per trip fee revenues on regulation activities, including reimbursement costs of the driver fingerprint background checks, and then submit the remaining revenue to local jurisdictions for enforcement activities.

The state is granted broad preemption over local governments regarding the regulation of TNCs, with very limited exceptions.

TNC vehicles may not be older than 12 years and must have specified annual vehicle safety inspections. TNC vehicles must have primary automobile liability insurance required of commercial transportation services providers, and also have personal automobile liability insurance.

Before a person may act as a TNC driver, the person must undergo a fingerprinted criminal background check and submit to a multistate driving history search. However, a TNC driver may operate under a conditional TNC driver permit, pending the results of the fingerprinted background check and multistate driving history search. Additionally, a TNC, or approved third party, must annually conduct a local and national criminal background check, and obtain and review a driving history report for the individual. Certain convictions and violations preclude the individual from becoming a TNC driver.

TNCs must implement a zero tolerance policy for drivers prohibiting drugs and alcohol, as well as a nondiscrimination policy. A TNC driver must be immediately suspended upon receipt of a complaint alleging a violation of the zero tolerance policy that involves criminal conduct.

TNC drivers' names, dates of birth, and driver's license numbers are exempt from public disclosure under the Public Records Act. However, the aggregate number of TNC drivers and TNC vehicles are subject to disclosure.

Records provided to DOL or local law enforcement agencies for audit purposes, including information for criminal investigations or zero tolerance policy violations, are exempt from public disclosure under the Public Records Act.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The proposed substitute bill is an attempt at finding a compromise to get agreement on final language. The bill is intended to prevent a patchwork of regulations around the state, which makes it hard for TNC drivers to operate. The bill provides a unified statewide system of TNC regulations. The bill would allow TNC drivers to earn more as they could carry more passengers as opposed to dead-heading on return trips. It is very costly to have to obtain various local TNC licenses.

CON: The preemption provision is too broad and would eliminate the voice of drivers. Section 21 regarding wheelchair passengers needs to be revised to require statewide services rather than applying in just the larger jurisdictions. The preemption language regarding airports is not supported. The per trip fee is too high. TNCs oppose the fingerprint background check as negatively impacting people of color. The Joint Transportation Committee recently studied TNCs and found 30 percent of fingerprint background checks showed a false positive.

OTHER: The bill should provide more funding for local enforcement. The statewide preemption section is unclear. The fingerprint background checks are a positive improvement. Seattle has concerns about the data requirements in the bill, as cities would have no ability to access TNC data and it would be up to DOL to determine what data would be available to local governments.

**Persons Testifying:** PRO: Senator Steve Hobbs, Prime Sponsor; Matthew Wald, Drive Forward, Executive Director; Michael Wolfe, Drive Forward; James Lockhart, Drive Forward; Lynn Reed, Drive Forward; Jacqui Morris, Drive Forward.

CON: Cindi Laws, Wheelchair Accessible Taxicab Association of Washington; Mike Hoover, TechNet; Don Creery, App Based Drivers Association; Peter Kuel, App Based Drivers Association; Joshua Welter, App Based Drivers Association; Vasil Denev, App Based Drivers Association; Him Yeung, driver; Cliff Webster, Spokane International Airport; Caleb Weaver, Uber; Bryan Hockaday, Lyft; Mike Ennis, Association of Washington Business; Abdi Shire, Seattle Ride Share Drivers Association, President; Sharmarke Goodir, Somali American Drivers Association, Board Member.

OTHER: James McMahan, Washington Association of Sheriffs and Police Chiefs; Rebecca Johnson, Washington Coalition of Sexual Assault Programs; Trent House, Port of Seattle;

Kate Garman, City of Seattle; Logan Bahr, Association of Washington Cities; April Putney, King County.

**Persons Signed In To Testify But Not Testifying:** OTHER: Herb Krohn, State Legislative Director, UTU/SMART Transportation Division.