

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
Enrolled - Revised

House Bill 3  
Economic Matters

(Delegate Davis)

Finance

---

Public Utilities - Transportation Network Services and For-Hire Transportation -  
Clarifications

---

This emergency bill generally clarifies and conforms provisions of law pertaining to transportation network services and other types of for-hire transportation. The bill also authorizes taxis to use a device other than a taximeter, if the device is approved by the Public Service Commission (PSC), for measuring the charges for service.

---

Fiscal Summary

**State Effect:** Minimal. The changes are generally clarifying or technical in nature and do not materially affect State finances or operations.

**Maryland Automobile Insurance Fund (MAIF) Effect:** Minimal. The changes are clarifying or technical in nature and do not materially affect MAIF finances or operations.

**Local Effect:** Minimal. The changes are clarifying or technical in nature and do not materially affect local finances or operations.

**Small Business Effect:** Potential meaningful. Taxicab operators that are considered small businesses may benefit from the bill's provision that authorizes them to use a device other than a taximeter, if approved by PSC.

---

## Analysis

### Bill Summary/Current Law:

#### *Insurance*

Under current law, some provisions related to insurance for transportation network services apply to MAIF, some may be interpreted to apply to MAIF, and some – by nature of specific definitions elsewhere in law – do not. Under the bill, these provisions are clarified and standardized so that they apply equally to all insurers that write motor vehicle liability insurance in the State. For example, the bill clarifies that MAIF, like other insurers, may exclude coverage while a vehicle operator is providing transportation network services.

#### *Public Service Commission*

The bill clarifies the definition of “transportation network company” so that it applies to every transportation network company operating in the State, regardless of whether or not PSC has issued the company a permit. Concurrently, the bill also clearly specifies that a transportation network company may not operate in the State unless PSC has issued a permit to the company. The bill also clarifies the definition of “transportation network services” to specifically exclude any shared expense carpool arrangement or service or other type of arrangement or service in which a driver receives a fee that does not exceed the driver’s costs associated with providing a ride.

The bill expands the number of agencies that may conduct national criminal history records checks as part of the for-hire driver’s license application process without requiring prior approval from PSC. Under current law, PSC must approve any entity except the National Association of Professional Background Screeners in order for the entity to be authorized to conduct national criminal history records checks.

Under current law, PSC may issue a permanent transportation network operator’s license or a permanent for-hire driver’s license to an applicant upon the submission of a satisfactory supplemental criminal background check. However, PSC may not require an applicant to comply with this provision prior to April 1, 2016, if specified conditions are met. Under the bill, this date is extended to December 15, 2016.

Under current law, PSC may not disclose records or information provided to PSC by a sedan, limousine, taxicab, or transportation network company to any person unless the disclosure is required by subpoena or court order. Under the bill, PSC may not disclose these records or information unless required by a court order or an order of the Maryland Tax Court. Further, the bill requires PSC to disclose to the Comptroller specified records

and information related to trip assessments that are provided to PSC or created, issued, or maintained by PSC, subject to specified requirements.

Under current law, a PSC hearing officer may hold a hearing involving a violation by a for-hire driver licensed by PSC. The bill clarifies that this includes a transportation network operator, partner, or driver licensed or otherwise authorized by PSC to provide transportation network services. The bill further authorizes a PSC hearing officer to hold a hearing on violations by sedan, limousine, taxicab, and transportation network companies (as opposed to only the drivers).

Under current law, the purpose of the For-Hire Driving Services Enforcement Fund is to provide adequate resources for PSC to enforce the laws concerning “for-hire driving services” (taxicab, limousine, sedan, and transportation network services). The fund consists of assessments made on permits for vehicles regulated by PSC to provide for-hire driving services. However, the money in the fund may be used solely for statewide enforcement activities of PSC relating to taxicab services, limousine services, and sedan services (not transportation network services). The bill aligns the purpose and revenue sources of the fund (for-hire driving services) with the fund’s authorized expenditures by including enforcement activities related to transportation network services.

#### *Assessment Process*

Under current law, a county or municipality that licensed or regulated taxicab services on or before January 1, 2015, either directly or through PSC, may impose an assessment on trips that originate within the county or municipality – generally up to 25 cents per trip, subject to certain requirements. The revenue generated from the assessments must be used for transportation purposes. An exempt jurisdiction (a county or municipality that imposed a tax, fee, or charge on for-hire transportation services provided on a per-ride or per-passenger basis operated in that county or municipality on or before January 1, 2015) is not limited in the amount it may assess transportation network services. In practice, this applies to Baltimore City. Generally, an assessment may not be imposed on a transportation network service by both a county and a municipality.

A transportation network company must collect (1) the assessments and (2) any other fee, charge, or tax imposed by an exempt jurisdiction and remit the revenue to the Comptroller each quarter. The Comptroller must then disburse the revenue to local governments accordingly.

The bill makes several clarifying and technical changes to the assessment process for trips provided through transportation network services, including:

- clarifying that if both a county and a municipality impose an assessment on a transportation network service, the sum of the assessments imposed by both jurisdictions may not exceed 25 cents per trip;
- clarifying when and under what circumstances counties and municipalities are authorized to impose or alter assessments;
- clarifying that an exempt jurisdiction may not impose more than one assessment or similar charge on a transportation network service;
- clarifying that the Comptroller must enforce these provisions;
- clarifying the conditions under which the Comptroller may inspect a transportation network company's records relating to the remittance of revenues and allocations from assessments; and
- authorizing the Comptroller to distribute assessment revenue to a county, for further distribution to a municipality.

**Background:** Chapter 204 of 2015 established a regulatory framework for transportation network services that encompasses transportation network companies and transportation network operators, including licensing, criminal history records checks, insurance requirements, and assessments. PSC was required to adopt various regulations to implement the framework; the regulations became effective March 28, 2016.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 54 (Senators Middleton and Ferguson) - Finance.

**Information Source(s):** Maryland Association of Counties; Charles, Frederick, Montgomery, and Prince George's counties; Public Service Commission; Maryland Insurance Administration; Office of People's Counsel; Comptroller's Office; Department of Labor, Licensing, and Regulation; Maryland Tax Court; Maryland Automobile Insurance Fund; Department of Legislative Services

**Fiscal Note History:** First Reader - January 13, 2016  
md/lgc Revised - House Third Reader - March 21, 2016  
Revised - Updated Information - April 4, 2016

---

Analysis by: Stephen M. Ross

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510