COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

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August 7, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mark J. Saladino
Treasurer and Tax Collector

Kurt E. Floren
Agricultural Commissioner
Director of Weights and Measures

SUBJECT: **ANALYSIS OF THE APPLICABILITY OF THE COUNTY'S BUSINESS LICENSE ORDINANCE TO PEER-TO-PEER OR CAR-FOR-HIRE RIDESHARING SERVICES**

Background

Recently, at the request of the Fourth Supervisorial District, the Treasurer and Tax Collector (TTC) constituted a workgroup, comprised of the TTC, the Chief Executive Office (CEO), County Counsel and Agricultural Commissioner/Weights and Measures (ACWM), to review the applicability of the County's Business License Ordinance, which regulates, among other businesses, taxicab operators and taxicabs in the unincorporated area, to the peer-to-peer (or car-for-hire) ridesharing industry. Three popular companies – Sidecar, Uber and Lyft – use smart phone applications (apps) to connect passengers with private owners of vehicles for transportation purposes. The fare (in the form of a suggested donation) is usually calculated by the app itself based on factors that include distance and time. The donation is paid through the passenger's credit card linked to the app. Both the driver and passenger may be "rated" in a model similar to ratings used in the online auction site eBay.

Summary of Findings

1. **The workgroup does not believe the County can regulate the peer-to-peer ridesharing services as taxicabs under the County's current Business License Ordinance** for the following reasons:

   ✓ Broadly, the business and service delivery model of peer-to-peer ridesharing services do not align with that of the traditional taxicab, as regulated under the Ordinance. These ridesharing companies generally view themselves as technology companies that allow their users to connect with drivers and request transportation through apps. The drivers are either licensed professional drivers or local drivers who have passed background

checks and driving record checks. The companies state that they do not own any vehicles or employ any drivers. In addition, unlike the traditional taxicab, the ridesharing vehicles also are not available to be "hailed" by pedestrians in the street.

- ✓ Peer-to-peer rideshare drivers usually operate their own personal vehicles. Therefore, these vehicles are often unmarked and do not contain any distinctive color scheme and insignia, like traditional taxicabs would and as the Ordinance requires. A notable exception is that Lyft cars are required to have a huge pink moustache on the grill as identification.

- ✓ The personal vehicles used in the peer-to-peer model do not have the types of equipment required under the Ordinance (e.g., radio transmitter; locked box for safekeeping of cash; readable signs posted inside and outside the taxicab notifying persons that the driver is to carry only $5.00 in change on his/her person; trunk device that permits opening from inside of the trunk; and a permanent fixture to display the taxicab driver's identification.) In addition, the Ordinance requires the taxicab to have prominent signs giving the name and telephone number of the taxicab operator and the taxicab number on the sides of the taxicab, with the taxicab number also conspicuously displayed on the rear portion of and inside the taxicab. Lastly, while taxicabs must have not less than four doors, there are no such restrictions in the peer-to-peer model.

- ✓ Peer-to-peer rideshare drivers are paid through "donations" or fares calculated by the app based on time and distance traveled. (Such donations are voluntary. A passenger may pay more or less than the suggested donation, a fact which the driver considers in the driver's rating of the passenger.) Thus, most of the peer-to-peer rideshare vehicles would not likely be equipped with a taximeter, which is required under the Ordinance.

  ACWM believes the apps used by these ridesharing companies, although not a taximeter, do meet the definition of a device used for "commercial purposes" and, as such, fall under their regulatory authority, including the authority to remove from service those that are not "type-approved." To date, no Global Positioning System (GPS) based apps have been submitted to the appropriate regulatory authorities seeking "type-approval". However, the regulatory authorities have not yet developed the ability to evaluate GPS apps for "type-approval", should an app be submitted to them. Accordingly, ACWM notes that any contemplated orders to "cease and desist" use of peer-to-peer apps and directives to submit the apps for "type-approval" would result in a response that no standards are yet established to facilitate such evaluations.

2. **If the County sought to regulate peer-to-peer ridesharing services, a new regulatory category would need to be created specifically for peer-to-peer ridesharing. However, as the California Public Utilities Commission (PUC) has proposed to regulate peer-to-peer ridesharing services, the County would be unable to develop its own regulations.**

   The PUC is a State agency that is charged with regulating moving companies and passenger carriers, such as limousines and shuttles. As a State agency, local jurisdictions, such as counties and cities, would be preempted from regulating entities that are within the PUC's jurisdiction.

In December 2012, the PUC began evaluating the safety of ridesharing businesses. Pursuant to its rulemaking authority, the PUC sought comment on issues including consumer protection and safety implications of the new methods for arranging transportation services; whether and how the new transportation business models differed from other for-hire transportation models; and the new transportation business models' potential impact on insurance and transportation access.

On July 30, 2013, Commissioner Michael R. Peevey of the PUC issued a proposed decision on rules concerning peer-to-peer ridesharing. The proposed decision is set to appear on the agenda for the PUC's Business Meeting on September 5, 2013. When the PUC acts on a proposed decision, it may adopt all or part of it as written, amend or modify the decision, or prepare its own decision. A proposed decision becomes final and binding on the interested parties only when the PUC acts on it.

The PUC regulates charter party passenger carriers, which is every person engaged in the transportation of persons by motor vehicle for compensation, whether in common or contract carriage, over any public highway in the state. The proposed decision creates a new regulatory category called "Transportation Network Companies" ("TNC"). A TNC is defined as a company or organization using an on-line enabled platform that provides transportation services using their personal, non-commercial vehicles, and thus, includes peer-to-peer rideshare companies. Commissioner Peevey determined that TNCs are charter party passenger carriers subject to the jurisdiction of the PUC, and issued safety rules and regulations to be applied to all TNCs. TNCs that fail to adhere to these requirements may have their licenses revoked or be otherwise subject to sanction by the PUC.

Detail on the PUC's proposed Safety Requirements and Regulatory Requirements are outlined in Attachment 1.

Therefore, it is recommended that should your Board wish to pursue regulation, the County wait until the PUC has issued its final rules in order for the County to determine if it has the jurisdiction to do so. We will advise your Board of the PUC's September 5, 2013 decision.

Detail on the related issues and the workgroup's findings follow.

County's Current Taxicab Ordinance

Under Title 7 of the Los Angeles County Code (Code), the County regulates taxicabs operating in the unincorporated areas of the County. Many of the regulations found in Title 7 were developed from the 1950s to the 1970s. Under Title 7, the County requires taxicab operators and taxicab drivers to be licensed.

"Taxicab" means every automobile for hire having a distinctive insignia and color scheme, used for the transportation of not more than eight passengers (excluding the driver), at rates based on the distance, duration or number of trips, or on the riding time, or on any combination of such rates, which vehicle is routed under the direction or with the agreement of such passengers or other persons hiring such vehicle.

A taxicab operator is defined as a person who operates "*three* or more cars..." Further, all taxicabs must have the following equipment: taximeter; radio transmitter; locked box for

safekeeping of cash; readable signs posted inside and outside the taxicab notifying persons that the driver is to carry only $5.00 in change on his/her person; trunk device that permits opening from inside of the trunk; and a permanent fixture to display the taxicab driver's identification. In addition, the taxicab must have prominent signs giving the name and telephone number of the taxicab operator and the taxicab number on the sides of the taxicab, with the taxicab number also conspicuously displayed on the rear portion and inside of the taxicab. The taxicabs must have not less than four doors.

The Code includes a waiver process for a taxicab operator's license applicant, who is unable to comply with the requirements stated above. Under section 7.80.020, no person shall operate fewer than three taxicabs unless the Business License Commission (BLC), following an application and hearing, finds "good cause" to justify a waiver of the requirement that a person operates three or more taxicabs. Similarly, if an applicant seeks a waiver of any of the equipment requirements and shows "good cause", the BLC will hold a hearing, and may grant the waiver. Any granted waiver shall be specified on the taxicab operator's license and the vehicle permit. The BLC has stated it has not held a hearing related to a waiver request in at least the last ten years.

Licensing Overview

The TTC administers the issuance and renewal of Business Licenses for taxicab operators and taxicab drivers. In this capacity, the TTC accepts the operator's application, coordinates referrals to the CEO's Risk Management Branch to verify vehicle liability and Worker's Compensation insurance coverage, the Sheriff Department for the background check, and the ACWM for the vehicles' meter testing and inspection. Once all required documentation is gathered, the TTC requests a hearing before the BLC and publishes notices of the hearing for three weeks prior to the hearing date. During the hearing, the BLC will review the application, associated documentation, and request the TTC's recommendation regarding the issuance of the license. The BLC also requires evidence that there is a public need for additional taxicab operators and drivers in their area. The hearings are open to the public; anyone can speak for or against the approval of the license.

If the BLC approves the operator's application, the TTC will proceed with the taxicab driver's application. The TTC will coordinate the referral to the Sheriff Department for the background check of the driver. A BLC hearing is not required for the licensing of drivers under each operator. In the last five years, the BLC has heard four operator license application requests and approved three.

The TTC conducts cursory safety inspections for all taxicabs at the initiation of a new license and prior to the issuance of the annual renewal. At these inspections, the TTC checks for current registration, insurance, that the assigned driver has a valid driver's license, and a current County taxicab driver's business license. The vehicle is also inspected for safety. The headlights, brakes, turn signals, taillights, brake lights, and tire condition are all checked. In addition, the meter is checked for tampering, locking, and that the fare charge is set correctly. The other equipment requirements, as stated above, are verified. The inspections are documented. If any requirement is not met, or any safety issues are detected, the TTC withholds the permit and advises the operator that they cannot operate the taxicab until all the required conditions are met.

Once final approval is granted, the operator is issued a business license and each vehicle is assigned a County business license and a permit, in the form of a Seal. The TTC Business License Inspector will notate on the business license the permit number, license plate number, vehicle identification number, and vehicle number, and then sign the license. The Business License Inspector will then affix the permit on the rear of each taxicab. The permit color is changed every year to allow for easy inspection in the field.

A BLC hearing is not required for the renewal of the business license. For a renewal, the operator must provide to the TTC proof of liability and Worker's Compensation coverage and current measurement certificates from the ACWM for all the vehicles in the fleet. In addition, an inspection has to be scheduled with and conducted by the TTC. Finally, prior to issuing any renewals for the drivers, the TTC will research all the licensed drivers through the California Department of Motor Vehicles (DMV) for any suspended or revoked driver's licenses. If any suspensions or revocations are found, if insurance is not provided, or if a taxicab fails the cursory safety inspection, the renewal will not be issued.

As of July 1, 2013, there are 11 operators with 554 active taxicab licenses operating within the unincorporated area. Of these, eight have had their licenses for over ten years and one for five years. The fee for a new operator's application is $1,526.00, along with a $168.00 per vehicle fee. The annual renewal fee for an operator is $155.00 and $131.00 for the vehicle. The application fee for a new driver is $175.00, with an annual renewal fee of $131.00.

Application of Current Taxicab Ordinance to Peer-To-Peer Ridesharing

As previously noted, in peer-to-peer ridesharing, a passenger uses the Internet, social media, or a mobile app on a smart phone to locate a driver, and arrange pick-up and drop-off to a desired destination. At the end of the trip, the passenger pays the driver in the form of a "donation" or some other calculated fare. In this regard, peer-to-peer ridesharing operates in a similar manner to taxicabs. However, there are some crucial distinctions between peer-to-peer ridesharing and "traditional" taxicabs. Peer-to-peer rideshare drivers usually operate their own personal vehicles. Therefore, these vehicles are often unmarked and do not contain any distinctive color scheme and insignia, like traditional taxicabs would. Further, some drivers are paid through "donations" calculated based on time and distance traveled. Thus, most of the peer-to-peer rideshare cars would not likely be equipped with a taximeter, which is required under the Code for traditional taxicabs.

As discussed previously, the Code requires that taxicab operators operate three or more taxicabs, and that taxicabs be outfitted with required equipment, including taximeters. Since it is unlikely that a peer-to-peer rideshare driver would meet all the requirements of the taxicab operator's license, the driver would need to make use of the waiver process to request modifications to the ordinance requirements. Thus, under the current taxicab ordinance, a peer-to-peer rideshare driver may not be licensed unless (1) the applicant requests modifications to the licensing requirements, and (2) the BLC, upon a showing of "good cause," grants the waiver request(s). The BLC has not yet issued any waiver of any of the licensing requirements. If the County seeks to regulate peer-to-peer ridesharing, a new regulatory category would need to be created specifically for peer-to-peer ridesharing.

Enforcement Actions against Peer-to-peer Companies by Other California Jurisdictions

Public Utilities Commission

The PUC is a State agency that is charged with regulating moving companies and passenger carriers, such as limousines and shuttles. As a State agency, local jurisdictions, such as counties and cities, would be preempted from regulating the entities that are within the PUC's jurisdiction.

In November 2012, the PUC fined the three peer-to-peer rideshare companies, Uber, Lyft, and Sidecar, $20,000 each for illegally operating high-tech taxi and limousine services without required permits. In December 2012, the PUC began evaluating the safety of ridesharing businesses that utilize the Internet, social media, and location services to arrange transportation of passengers over public highways for compensation. Pursuant to its rulemaking authority, the PUC sought comment on issues including consumer protection and safety implications of the new methods for arranging transportation services; whether and how the new transportation business models differ from other for-hire transportation models; and the new transportation business models' potential impact on insurance and transportation access.

In January 2013, the PUC suspended its fines against Uber and Lyft, and entered into operating agreements with the two companies. The terms of the agreements are intended to ensure the public safety of both riders and drivers through the PUC's interim oversight of Uber and Lyft during the rulemaking process through safety requirements that include continued proof of insurance, DMV checks, and national criminal background checks.

On July 30, 2013, Commissioner Michael R. Peevey of the PUC issued a proposed decision on rules concerning peer-to-peer ridesharing. The proposed decision is set to appear on the agenda for the PUC's Business Meeting on September 5, 2013. When the PUC acts on a proposed decision, it may adopt all or part of it as written, amend or modify the decision, or prepare its own decision. A proposed decision becomes final and binding on the interested parties only when the PUC acts on it.

The PUC regulates charter party passenger carriers, which is every person engaged in the transportation of persons by motor vehicle for compensation, whether in common or contract carriage, over any public highway in the state. The proposed decision creates a new regulatory category called "Transportation Network Companies" ("TNC"). A TNC is defined as a company or organization using an on-line enabled platform that provides transportation services using their personal, non-commercial vehicles, and thus, includes peer-to-peer rideshare companies. Commissioner Peevey determined that TNCs are charter party passenger carriers subject to the jurisdiction of the PUC, and issued safety rules and regulations to be applied to all TNCs. TNCs that fail to adhere to these requirements may have their licenses revoked or be otherwise subject to sanction by the PUC.

City of Los Angeles

In June 2013, the Los Angeles Board of Taxicab Commissioners, a City of Los Angeles commission, issued cease-and-desist letters to Uber, Lyft, and Sidecar instructing each of the three companies to suspend operations and obtain required permits. The companies countered

that their operating agreements with the PUC allow them to operate within California, while the PUC formulates its final rules on peer-to-peer ridesharing.

Enforcement by the County

The PUC has issued a proposed decision on rules concerning peer-to-peer ridesharing. The proposed decision is set to appear on the PUC's Business Meeting agenda on September 5, 2013. A proposed decision becomes final and binding on the interested parties only when the PUC acts on it. Final action would preempt local jurisdictions, like the County, from regulating peer-to-peer ridesharing. Therefore, it is recommended that should your Board wish to pursue regulation, the County wait until the PUC has issued its final rules in order for the County to determine if it has the jurisdiction to do so.

Weights and Measures

Weights and Measures Authorities

California law imposes strict standards upon all devices that are used commercially to weigh, measure, or count any commodity for purposes of conducting a transaction or to provide a weight, measure, or count which is based upon any charge for a service. The State operates the Division of Measurement Standards within the California Department of Food and Agriculture (CDFA), the Director of which has responsibility for oversight and coordination of regulatory operations enforcing all provisions of Division 5 of the Business and Professions (B&P) Code of California. Each County, under State law (B&P Code § 12200), must maintain a Sealer of Weights and Measures (in the County of Los Angeles, the Director of Weights and Measures), who equally has regulatory responsibility for enforcement of all provisions of Division 5 of the B&P Code throughout the respective county.

California law requires that all weighing/measuring devices used commercially be "type-approved," as set forth in B&P Code § 12500.5, which states, in part:

> *It shall be unlawful to sell or use for commercial purposes any weight or measure, or any weighing, measuring, or counting instrument or device, of a type or design that has not first been so approved by the department...*

The term "commercial purposes" is defined in B&P Code § 12500 (e), which states in part:

> *(e) "Commercial purposes" include the determination of the weight, measure, or count of any commodity or thing which is sold on the basis of weight, measure, or count; or the determination of the weight, measure, or count of any commodity or thing upon which determination a charge for service is based. Devices used in a determination upon which a charge for service is based include, but are not limited to, taximeters, odometers, timing devices, parcel scales, shipping scales...*

California law (B&P Code Section 12210) requires that all weighing and measuring devices used for commercial purposes be tested and sealed by a Sealer.

Finally, B&P Code Section 12500.10 authorizes a Sealer to remove a device not "type-approved" and, ultimately, to seize and destroy such a device, stating in part:

(a) A sealer shall cause to be removed from commercial usage any weighing, measuring, or counting instrument or device sold or used in violation of Section 12500.5...

(c) If the owner or user of any weighing, measuring, or counting instrument or device marked "unapproved device" refused or neglected to have it brought into compliance with Section 12500.5 within 30 days after the instrument or device was so marked, it shall be subject to seizure by the sealer... If no disposition order is issued within four years after the date of the seizure, that instrument or device shall be defaced, destroyed, or otherwise disposed of by the sealer...

Preliminary Findings Pertaining to GPS-Based Peer-To-Peer Rideshare Applications

- GPS-based apps used by peer-to-peer rideshare operators meet the definition of a device used for "commercial purposes," as such systems are used to calculate charges to passengers based upon a combination of distance and time measurements.

- The County Sealer (i.e., Director of Weights and Measures) has authority to regulate such devices, including authority to remove from service those that are not "type-approved."

Explanation of "Type-Approval"

Type-approval involves issuance of a Certificate of Conformance by either the California Division of Measurement Standards under its California Type Evaluation Program (CTEP) or by the National Conference on Weights and Measures under its National Type Evaluation Program (NTEP). In short, the applicable CTEP or NTEP program receives, from a manufacturer seeking such CTEP or NTEP type-approval, samples of a specific model of weighing or measuring device and submits the device(s) to extensive testing, under various controlled conditions, including a battery of performance and specification tests to ensure that the devices meet numerous accuracy, calibration, performance, and design requirements and, over time, are capable of maintaining their accuracy and performance characteristics. All future manufacture of such type-approved devices must be duplicative of the design and function characteristics of the original device(s) granted a Certificate of Conformance.

- No GPS-based apps have been submitted to NTEP or CTEP seeking type-approval. Therefore, commercial use of such a system would be in violation of B&P Code § 12500.5 and the device is subject to removal from service and seizure under B&P Code § 12500.10.

Concerns/Considerations in Pursuing Immediate Enforcement Action(s)

To date, there have not been established legal metrological standards for measurements utilizing GPS technology. Work is underway in such by the National Institute of Standards and Technology (NIST), a non-regulatory federal agency within the U.S. Department of Commerce. NIST's mission is to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve quality of life. Weights and Measures regulatory agencies, including the ACWM, perform functions within the realm of "legal metrology." "Legal metrology" is metrology which ensures the quality and credibility of measurements that are used directly in regulation and in

areas of commerce. Legal metrology deals with traceability (calibrations of devices against standard weights, linear measures, etc., kept at a national metrology laboratory which are calibrated against international standards), but also with risks of misuse of the instruments, of tampering, and of accidental influences on the measuring instrument. In many cases, laws or regulations govern accuracy of these measurements as well as conformity of the measuring instruments against national or international specifications.

In regard to taxi-type measuring systems, NIST has only recently (September 2012) established a U.S. National Working Group (USNWG) on taximeters to address many issues presented by advancements in technology appearing in the marketplace. The core focus of the USNWG has been upon interactive elements of taximeter-type systems, including "point-of-sale systems," whereby measurements and other information from taximeters are electronically transmitted to remote computer systems which calculate fares and other charges and facilitate payments via credit cards. One technology to be addressed is that involving utilization of GPS measuring operations interfaced with computer software, the case of the current situation. The USNWG has established a GPS/Mobile Telephone App Subcommittee, whose work is in its infancy. The subcommittee is engaged in defining the scope of matters to be addressed, and will be continuing its work over coming months. Model regulations are being developed by an International Association of Transportation Regulators, which has created a "Mobile Phone App Subcommittee." The USNWG is seeking cooperation with this group in developing standards and model regulations.

- In the absence of universally-adopted, legally-enforceable standards applicable to GPS measurements in the commercial marketplace, no clear guidance can be made immediately available to industry operators regarding means to come into "compliance."

- Any contemplated orders to "cease and desist" use of peer-to-peer apps and directives to submit such "devices" for type-approval evaluation would likely result in initial responses that no specifically-applicable standards are yet established to facilitate such evaluations.

- It would be arguably prudent to permit NIST and the industry and regulatory members of the USNWG to continue and complete the active work in developing and adopting standards.

Other matters must be resolved regarding legally-binding definitions of "devices" and "operators" of such devices in order to confidently and effectively apply California laws and regulations related to commercially-used measuring devices. Recent regulatory attempts in Massachusetts (extensive details omitted here) to prohibit similar GPS-based peer-to-peer systems were struck down by its Superior Court, with questions raised about whether the "system" or "device" is, actually, the "smart phone" used by participating drivers, the "app" downloaded to the phone, the "receiver" that receives transmitted electronic information, the satellites employed by the GPS technology, the servers that perform charge calculation and billing functions, and/or any combination of these and other components. Furthermore, California laws and regulations are constructed to impose requirements upon the "owners/operators/users" of weighing and measuring devices. Varying, convoluted user agreements employed by multiple companies providing these peer-to-peer app systems raise significant questions regarding what entities (e.g., the app-providing companies vs. the app-utilizing drivers) are, in fact, the "owners," "operators," or "users" of the devices or systems.

The Director of ACWM and his staff are engaged in discussions on all of the above issues with the Director of the Division of Measurement Standards (within the CDFA), members of the USNWG on Taximeters, the Chief of the Office of Weights and Measures at NIST, the National Conference on Weights and Measures, and others. ACWM will continue to seek clarification of matters regarding the application of existing laws and regulations through the above entities, as well as appropriate legal counsel.

ACWM recommends completion of additional evaluation and investigative work before regulatory action is attempted. ACWM suggests that a unified, cooperative approach, involving State and peer agencies of other California Counties, will be critical in effectively dealing with this new technology and providing the intended protections to consumers and competitors, alike.

If you have any questions, please contact either one of us, or your staff may contact Joseph Kelly, Chief Deputy Treasurer and Tax Collector, at (213) 974-2184 or Richard Iizuka, Chief Deputy Agricultural Commissioner/Weights and Measures, at (626) 575-5453.

MJS:KF:JK

Attachment

c: Executive Officer, Board of Supervisors
Chief Executive Officer
County Counsel
Business License Commission

Proposed Safety Requirements for TNCs

- TNCs shall maintain excess liability insurance policies providing a minimum of $1,000,000 (one million dollars) per-incident coverage for incidents involving TNC vehicles and drivers in transit to or during a TNC trip.

- TNC drivers shall be required to provide proof of both their personal insurance and the excess liability insurance in the case of an accident.

- TNCs shall institute a zero tolerance intoxicating substance policy with respect to drivers as follows: (1) The TNC shall include on its website, mobile application and riders' confirmations of their rides, notice/information on the TNC's zero-tolerance policy and the methods to report a driver for whom the rider reasonable suspects was under the influence of drugs or alcohol during the course of the ride. (2) The website and mobile application must include a phone number, link, and email to contact to report the zero-tolerance complaint. (3) Promptly after a zero tolerance complaint is filed, the TNC shall suspend the driver for further investigation. (4) The website and mobile application must also include a link to the Commission's Public Advisor's office as well as the phone number.

- TNCs shall obtain each TNC driver's driving record before the driver begins providing service and annually thereafter. Drivers with convictions for reckless driving, driving under the influence, hit and run, or driving with a suspended or revoked license shall not be permitted to provide TNC services. Drivers may have a maximum of two points on their driving records for lesser offenses, e.g., equipment problems or child safety seat violations.

- TNCs shall establish a driver training program or mentor program to ensure that all drivers are safely operating the vehicle prior to the driver being able to offer service. This program must be filed with the Commission within 45 days of the adoption of this decision.

- TNC drivers must possess a valid California driver's license, be at least 21 years of age, and must provide at least one year of driving history before providing TNC services.

- TNCs may only use street-legal coupes, sedans, or light-duty vehicles including vans, minivans, sport utility vehicles (SUVs) and pickup trucks. Hatchbacks and convertibles are acceptable.

- TNC vehicles shall not be significantly modified from factory specifications, e.g., no "stretch" vehicles.

- TNCs must inspect all vehicles and maintain proper documentation of such inspections. TNCs must conduct a 19 point inspection: (1) Foot brakes (check stopping: at 20 mph, a vehicle must be capable of stopping within 25 feet); (2) Emergency brakes (engine stall test); (3) Steering mechanism; (4) Windshield; (5) Rear window and other glass; (6) Windshield wipers; (7) Headlights; (8) Tail lights; (9) Turn indicator lights; (10) Stop lights; (11) Front seat adjustment mechanism; (12) Doors (open, close, lock); (13) Horn;

(14) Speedometer; (15) Bumpers; (16) Muffler and exhaust system; (17) Condition of tires, including tread depth; (18) Interior and exterior rear view mirrors; and (19) Safety belts for driver and passenger(s).

Proposed Regulatory Requirements for TNCs

- TNCs (not the drivers) must be licensed by this Commission before operating as a TNC.

- TNC drivers may only transport passengers on a prearranged basis. For the purpose of TNC services, a ride is considered prearranged if the ride is solicited and accepted via a TNC digital platform before the ride commences. TNC drivers are strictly prohibited from accepting street hails.

- TNCs shall participate in the California Department of Motor Vehicle's Employer Pull Notice Program to obtain timely notice when any of the following are added to a TNC driver's driving record: (i) Convictions; (ii) Accidents; (iii) Failures to appear; (iv) Driver's license suspension or revocation; and (v) Any other action taken against the driving privilege.

- TNCs shall obtain proof of insurance from each TNC driver before the driver begins providing service and for as long as the driver remains available to provide service. TNCs shall track the expiration dates of each TNC driver's insurance policy, and shall immediately disqualify a driver from providing TNC services if a TNC driver's insurance expiration date passes and proof of valid insurance is not resubmitted.

- TNCs shall allow passengers to indicate whether they require a wheelchair-accessible vehicle or a vehicle otherwise accessible to individuals with disabilities.

- One year from the effective date of these rules and annually thereafter for three years, each TNC shall submit to the Safety and Enforcement Division a report detailing the number and percentage of their customers who requested accessible vehicles, and how often the TNC was able to comply with requests for accessible vehicles.

- TNC vehicles shall display consistent trade dress (i.e., distinctive signage or display on the vehicle) when providing TNC services. The trade dress shall be sufficient to allow a passenger, government official, or member of the public to associate a vehicle with a particular TNC (or licensed transportation provider).

- Although TNCs may provide platforms allowing drivers and passengers to "rate" each other, TNCs shall ensure that such ratings are not based on unlawful discrimination, and that drivers do not discriminate against passengers or potential passengers on the basis of geographic endpoints of the ride, race, color, national origin, religion, sex, disability, age, or sexual orientation/identity.

- One year from the effective date of these rules and annually thereafter for three years, each TNC shall submit to the Safety and Enforcement Division a report detailing rides that were requested, but not accepted by TNC drivers. The report must also detail the location and zip code of such rides as well as the number.

- Upon request, drivers shall display to Commission or airport enforcement officers, law enforcement, or city or county officials a physical or electronic record of a ride in progress sufficient to establish that it was prearranged. To the extent that trip records are contained on electronic devices, TNC drivers are not required to relinquish custody of the devices in order to make the required display.

- If a passenger files a complaint against a TNC or TNC driver with the Commission, Commission staff shall have the right to inspect TNC records and vehicles as necessary to investigate and resolve the complaint to the same extent the Commission and Commission staff is permitted to inspect all other charter-party carriers.

- TNCs shall not conduct any operations on the property of or into any airport unless such operations are authorized by the airport authority involved.

- One-fourth (1/4) of 1% of the TNC revenues shall be collected by the PUC on a quarterly basis as part of overall fees.