

# Transportation Network Companies

The Act creates a limited regulatory structure for transportation network companies (TNCs) that use digital networks to connect riders to drivers who provide transportation in their personal vehicles. TNCs are exempt from the regulation for common carriers, contract carriers, and motor carriers but are subject to regulation by the Public Utilities Commission (PUC) in the Department of Regulatory Agencies.

Submitted as:

Colorado

[SB 125](#)

Status: Signed into law on June 6, 2014.

## Suggested State Legislation

(Title, enacting clause, etc.)

- 1 Section 1. [*Definitions.*]  
2 As used in this [Act] unless the context otherwise requires:  
3 (1) “Personal vehicle” means a vehicle that is used by a transportation network company driver  
4 in connection with providing services for a transportation network company that meets the  
5 vehicle criteria set forth in this [Act].  
6 (2) “Prearranged ride” means a period of time that begins when a driver accepts a requested ride  
7 through a digital network, continues while the driver transports the rider in a personal  
8 vehicle, and ends when the rider departs from the personal vehicle.  
9 (3) “Transportation network company” means a corporation, partnership, sole proprietorship, or  
10 other entity, operating in [Colorado], that uses a digital network to connect riders to drivers  
11 for the purpose of providing transportation. A transportation network company does not  
12 provide taxi service, transportation service arranged through a transportation broker,  
13 ridesharing arrangements, as defined in [Insert citation.], or any transportation service over  
14 fixed routes at regular intervals. A transportation network company is not deemed to own,  
15 control, operate, or manage the personal vehicles used by transportation network company  
16 drivers. A transportation network company does not include a political subdivision or other  
17 entity exempted from federal income tax under section 115 of the federal “Internal Revenue  
18 Code of 1986”, as amended.  
19 (4) “Transportation network company driver” or “driver” means an individual who uses his or  
20 her personal vehicle to provide services for riders matched through a transportation network  
21 company's digital network. A driver need not be an employee of a transportation network  
22 company.  
23 (5) “Transportation network company rider” or “rider” means a passenger in a personal vehicle  
24 for whom transport is provided, including:  
25 (a) An individual who uses a transportation network company's online application or digital  
26 network to connect with a driver to obtain services in the driver's vehicle for the  
27 individual and anyone in the individual's party; or

1 (b) Anyone for whom another individual uses a transportation network company's online  
2 application or digital network to connect with a driver to obtain services in the driver's  
3 vehicle.

- 4 (6) "Transportation network company services" or "services" means the provision of  
5 transportation by a driver to a rider with whom the driver is matched through a transportation  
6 network company. The term does not include services provided either directly by or under  
7 contract with a political subdivision or other entity exempt from federal income tax under  
8 section 115 of the federal "Internal Revenue Code of 1986", as amended.  
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10 Section 2. [*Limited regulation.*]

11 Notwithstanding any other provision of law, transportation network companies are governed  
12 exclusively by this [Act]. A transportation network company is not subject to the commission's  
13 rate, entry, operational, or common carrier requirements, other than those requirements expressly  
14 set forth in this [Act].  
15

16 Section 3. [*Registration - financial responsibility of transportation network companies -*  
17 *insurance.*]

- 18 (1) A transportation network company shall comply with the filing requirements of [Insert  
19 citation] and the registered agent requirement of [Insert citation.]  
20 (2) A transportation network company shall file with the commission documentation evidencing  
21 that the transportation network company or the driver has secured primary liability insurance  
22 coverage for the driver for incidents involving the driver during a prearranged ride. Coverage  
23 for incidents involving a driver during a prearranged ride must be in the amount of at least  
24 one million dollars per occurrence. The insurance policy must provide coverage at all times  
25 the driver is engaged in a prearranged ride. This subsection (2) becomes effective ninety days  
26 after the effective date of this [Act].  
27 (3) For the period of time when a driver is logged into a transportation network company's  
28 digital network but is not engaged in a prearranged ride, the following insurance  
29 requirements apply:  
30 (a) A transportation network company or a driver shall maintain contingent liability  
31 insurance with a liability limit equal to at least the minimum amount required by [Insert  
32 citation.] At a minimum, the contingent liability insurance must provide liability  
33 coverage if the driver's insurer for personal automobile insurance validly denies coverage  
34 under the terms of the driver's personal automobile insurance policy or the driver  
35 otherwise does not have personal automobile insurance coverage. Nothing in this  
36 paragraph (a) precludes an insurer's right to equitable subrogation. The requirements of  
37 this paragraph (a) expire on [January 15, 2015], and this paragraph (a) is repealed,  
38 [effective July 1, 2015].  
39 (b) On or before [January 15, 2015], and thereafter, a driver or a transportation network  
40 company on the driver's behalf shall maintain a primary automobile insurance policy that:  
41 (I) Recognizes that the driver is a transportation network company driver and covers  
42 the driver's provision of transportation network company services while the driver  
43 is logged into the transportation network company's digital network;  
44 (II) Meets at least the minimum coverage of at least fifty thousand dollars to any one  
45 person in any one accident, one hundred thousand dollars to all persons in any one  
46 accident, and for property damage arising out of the use of the motor vehicle to a

- 1 limit, exclusive of interest and costs, of thirty thousand dollars in any one  
2 accident; and
- 3 (III) Is one of the following:
- 4 (A) Full-time coverage similar to the coverage required by commission rules  
5 promulgated under [Insert citation.];
- 6 (B) An insurance rider to, or endorsement of, the driver's personal automobile  
7 insurance policy required by the ["Motor Vehicle Financial Responsibility  
8 Act,"] in [Insert citation.]; or
- 9 (C) A corporate liability insurance policy purchased by the transportation network  
10 company that provides primary coverage for the period of time in which a  
11 driver is logged into the digital network.
- 12 (c) The division of insurance shall conduct a study of whether the levels of coverage  
13 provided for in this subsection (3) are appropriate for the risk involved with  
14 transportation network company services. In conducting the study, the division of  
15 insurance shall convene one or more stakeholder meetings to evaluate the choices of  
16 coverage set forth in subparagraph (iii) of paragraph (b) of this subsection (3). On or  
17 before [January 15, 2015], the division of insurance shall present its findings and any  
18 recommendations to the [Business, Labor, Economic and Workforce Development  
19 committee in the House of Representatives, the Business, Labor, and Technology  
20 Committee in the Senate, the Transportation and Energy Committee in the House of  
21 Representatives, and the Transportation Committee in the Senate.]
- 22 (d) If a transportation network company purchases an insurance policy under this subsection  
23 (3), it shall provide documentation to the commission evidencing that the transportation  
24 network company has secured the policy. If the responsibility is placed on a driver to  
25 purchase insurance under this subsection (3), the transportation network company shall  
26 verify that the driver has purchased an insurance policy under this subsection (3).
- 27 (4) A driver's personal automobile insurance policy that complies with [Insert citation.] is  
28 sufficient to satisfy the compulsory insurance requirements thereof. An insurance policy  
29 required by subsection (2) or subsection (3) of this section:
- 30 (a) May be placed with an insurer licensed under [Insert citation.], or with a surplus lines  
31 insurer authorized under [Insert citation.]; and
- 32 (b) Need not separately satisfy the requirements of [Insert citation.]
- 33 (5) Nothing in this section requires a personal automobile insurance policy to provide coverage  
34 for the period of time in which a driver is logged into a transportation network company's  
35 digital network.
- 36 (6) If more than one insurance policy provides valid and collectible coverage for a loss arising  
37 out of an occurrence involving a motor vehicle operated by a driver, the responsibility for the  
38 claim must be divided on a pro rata basis among all of the applicable policies. This equal  
39 division of responsibility may only be modified by the written agreement of all of the  
40 insurers of the applicable policies and the owners of those policies.
- 41 (7) In a claims coverage investigation, a transportation network company shall cooperate with a  
42 liability insurer that also insures the driver's transportation network company vehicle,  
43 including the provision of relevant dates and times during which an incident occurred that  
44 involved the driver while the driver was logged into a transportation network company's  
45 digital network.

- 1 (8) Nothing in this section modifies or abrogates any otherwise applicable insurance  
2 requirements set forth in [Insert citation.]  
3 (9) If a transportation network company's insurer makes a payment for a claim covered under  
4 comprehensive coverage or collision coverage, the transportation network company shall  
5 cause its insurer to issue the payment directly to the business repairing the vehicle or jointly  
6 to the owner of the vehicle and the primary lienholder on the covered vehicle. The  
7 commission shall not assess any fines as a result of a violation of this subsection (9).  
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9 Section 4. [*Operational requirements.*]

- 10 (1) The following requirements apply to the provision of services:  
11 (a) A driver shall not provide services unless a transportation network company has matched  
12 the driver to a rider through a digital network. A driver shall not solicit or accept the on-  
13 demand summoning of a ride, otherwise known as a “street hail”.  
14 (b) A transportation network company shall make available to prospective riders and drivers  
15 the method by which the transportation network company calculates fares or the  
16 applicable rates being charged and an option to receive an estimated fare.  
17 (c) Upon completion of a prearranged ride, a transportation network company shall transmit  
18 to the rider an electronic receipt, either by electronic mail or via text message,  
19 documenting:  
20 (I) The point of origin and destination of the prearranged ride;  
21 (II) The total duration and distance of the prearranged ride;  
22 (III) The total fare paid, including the base fare and any additional charges incurred for  
23 distance traveled or duration of the prearranged ride; and  
24 (IV) The driver's first name and telephone number.  
25 (d) Before permitting a person to act as a driver on its digital network, a transportation  
26 network company shall confirm that the person is at least twenty-one years of age and  
27 possesses:  
28 (I) A valid driver's license;  
29 (II) Proof of automobile insurance;  
30 (III) Proof of a [Colorado] vehicle registration; and  
31 (IV) Within ninety days of the effective date of this [Act] and pursuant to commission  
32 rules, proof that the person is medically fit to drive.  
33 (e) A driver shall not offer or provide transportation network company services for more  
34 than twelve consecutive hours.  
35 (f) A transportation network company shall implement an intoxicating substance policy for  
36 drivers that disallows any amount of intoxication of the driver while providing services.  
37 The transportation network company shall include on its web site and mobile device  
38 application software a notice concerning the transportation network company's  
39 intoxicating substance policy.  
40 (g)  
41 (I) A transportation network company shall conduct or have a certified mechanic  
42 conduct a safety inspection of a prospective driver's vehicle before it is approved  
43 for use as a personal vehicle and shall have periodic inspections of personal  
44 vehicles conducted thereafter, at intervals of at least one inspection per year. A  
45 safety inspection shall include an inspection of:  
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- (A) Foot brakes;
- (B) Emergency brakes;
- (C) Steering mechanism;
- (D) Windshield;
- (E) Rear window and other glass;
- (F) Windshield wipers;
- (G) Headlights;
- (H) Tail lights;
- (I) Turn indicator lights;
- (J) Stop lights;
- (K) Front seat adjustment mechanism;
- (L) The opening, closing, and locking capability of the doors;
- (M) Horn;
- (N) Speedometer;
- (O) Bumpers;
- (P) Muffler and exhaust system;
- (Q) Tire conditions, including tread depth;
- (R) Interior and exterior rear-view mirrors; and
- (S) Safety belts.

(II) Effective ninety days after the effective date of this [Act], the commission may also conduct inspections of personal vehicles.

- (h) A personal vehicle must:
  - (I) Have at least four doors; and
  - (II) Be designed to carry no more than eight passengers, including the driver.
- (i) A transportation network company shall make the following disclosure to a prospective driver in the prospective driver's terms of service:

**While operating on the transportation network company's digital network, your personal automobile insurance policy might not afford liability coverage, depending on the policy's terms.**

- (j)
  - (I) A transportation network company shall make the following disclosure to a prospective driver in the prospective driver's terms of service:

**If the vehicle that you plan to use to provide transportation network company services for our transportation network company has a lien against it, you must notify the lienholder that you will be using the vehicle for transportation services that may violate the terms of your contract with the lienholder.**

- (II) The disclosure set forth in subparagraph (i) of this paragraph (j) must be placed prominently in the prospective driver's written terms of service, and the prospective driver must acknowledge the terms of service electronically or by signature.

- (k) A transportation network company shall make available to a rider a customer support telephone number on its digital network or web site for rider inquiries.
- (l) The disclosure requirements set forth in this subsection (1) take effect on [effective date.]

1 (m)

2 (I) A transportation network company shall not disclose to a third party any  
3 personally identifiable information concerning a user of the transportation  
4 network company's digital network unless:

5 (A) The transportation network company obtains the user's consent to disclose  
6 personally identifiable information;

7 (B) Disclosure is necessary to comply with a legal obligation; or

8 (C) Disclosure is necessary to protect or defend the terms and conditions for use  
9 of the service or to investigate violations of the terms and conditions.

10 (II) The limitation on disclosure does not apply to the disclosure of aggregated user  
11 data and other information about the user that is not personally identifiable.

12 (n) Any taxicab company or shuttle company authorized by the commission under this [Act]  
13 may convert to a transportation network company model or may set up a subsidiary or  
14 affiliate transportation network company. In converting to a transportation network  
15 company model or setting up a transportation network company subsidiary or affiliate, a  
16 taxicab company or shuttle company authorized by the commission under this article may  
17 completely or partially suspend its certificate of public convenience and necessity issued  
18 under [Insert citation.] During the period of suspension of its certificate of public  
19 convenience and necessity, a taxicab company, shuttle company, or a subsidiary or  
20 affiliate of a taxicab company or shuttle company is exempt from taxi or shuttle standards  
21 under this article, the standards concerning the regulation of rates and charges under  
22 [Insert citation.], and any commission rules regarding common carriers promulgated  
23 under [Insert citation.].

24 (o) Each transportation network company shall require that each personal vehicle providing  
25 transportation network company services display an exterior marking that identifies the  
26 personal vehicle as a vehicle for hire.

27 (2) A transportation network company or a third party shall retain true and accurate inspection  
28 records for at least fourteen months after an inspection was conducted for each personal  
29 vehicle used by a driver.

30 (3)

31 (a) Before a person is permitted to act as a driver through use of a transportation network  
32 company's digital network, the person shall:

33 (I) Obtain a criminal history record check pursuant to the procedures set forth in  
34 [Insert citation.] or through a privately administered national criminal history  
35 record check, including the national sex offender database; and

36 (II) If a privately administered national criminal history record check is used, provide  
37 a copy of the criminal history record check to the transportation network  
38 company.

39 (b) A driver shall obtain a criminal history record check in accordance with subparagraph (i)  
40 of paragraph (a) of this subsection (3) every five years while serving as a driver.

41 (I) A person who has been convicted of or pled guilty or nolo contendere to driving  
42 under the influence of drugs or alcohol in the previous seven years before  
43 applying to become a driver shall not serve as a driver. If the criminal history  
44 record check reveals that the person has ever been convicted of or pled guilty or  
45 nolo contendere to any of the following felony offenses, the person shall not serve  
46 as a driver:

- 1 (A) An offense involving fraud, as described in [Insert citation.];  
 2 (B) An offense involving unlawful sexual behavior, as defined in [Insert citation.];  
 3 (C) An offense against property, as described in [Insert citation.]; or  
 4 (D) A crime of violence, as described in [Insert citation.].
- 5 (II) A person who has been convicted of a comparable offense to the offenses listed in  
 6 subparagraph (i) of this paragraph (b) in another state or in the United States shall  
 7 not serve as a driver.
- 8 (III) A transportation network company or a third party shall retain true and accurate  
 9 results of the criminal history record check for each driver that provides services  
 10 for the transportation network company for at least five years after the criminal  
 11 history record check was conducted.
- 12 (IV) A person who has, within the immediately preceding five years, been convicted of  
 13 or pled guilty or nolo contendere to a felony shall not serve as a driver.
- 14 (4)
- 15 (a) Before permitting an individual to act as a driver on its digital network, a transportation  
 16 network company shall obtain and review a driving history research report for the  
 17 individual.
- 18 (b) An individual with the following moving violations shall not serve as a driver:
- 19 (I) More than three moving violations in the three-year period preceding the  
 20 individual's application to serve as a driver; or
- 21 (II) A major moving violation in the three-year period preceding the individual's  
 22 application to serve as a driver, whether committed in this state, another state, or  
 23 the United States, including vehicular eluding, as described in section [Insert  
 24 citation.], reckless driving, as described in [Insert citation.], and driving under  
 25 restraint, as described in [Insert citation.].
- 26 (c) A transportation network company or a third party shall retain true and accurate results of  
 27 the driving history research report for each driver that provides services for the  
 28 transportation network company for at least three years.
- 29 (5) If any person files a complaint with the commission against a transportation network  
 30 company or driver, the commission may inspect the transportation network company's  
 31 records as reasonably necessary to investigate and resolve the complaint.
- 32 (6)
- 33 (a) A transportation network company shall provide services to the public in a  
 34 nondiscriminatory manner, regardless of geographic location of the departure point or  
 35 destination, once the driver and rider have been matched through the digital network;  
 36 race; ethnicity; gender; sexual orientation, as defined in [Insert citation.]; gender identity;  
 37 or disability that could prevent customers from accessing transportation. A driver shall  
 38 not refuse to transport a passenger unless:
- 39 (I) The passenger is acting in an unlawful, disorderly, or endangering manner;
- 40 (II) The passenger is unable to care for himself or herself and is not in the charge of a  
 41 responsible companion; or
- 42 (III) The driver has already committed to providing a ride for another rider.
- 43 (b) A transportation network company shall not impose additional charges for providing  
 44 services to persons with physical or mental disabilities because of those disabilities.
- 45 (c) A driver shall permit a service animal to accompany a rider on a prearranged ride.

1 (d) If a rider with physical or mental disabilities requires the use of the rider's mobility  
2 equipment, a driver shall store the mobility equipment in the vehicle during a prearranged  
3 ride if the vehicle is reasonably capable of storing the mobility equipment. If the driver is  
4 unable to store a rider's mobility equipment in the driver's vehicle, the driver shall refer  
5 the rider to another driver or transportation service provider with a vehicle that is  
6 equipped to accommodate the rider's mobility equipment.

7 (7)

8 (a) A transportation network company is not liable for a driver's violation of subsection (6)  
9 of this section unless the driver's violation has been previously reported to the  
10 transportation network company in writing, and the transportation network company has  
11 failed to reasonably address the alleged violation. The commission shall afford a  
12 transportation network company the same due process rights afforded transportation  
13 providers in defending against civil penalties assessed by the commission.

14 (b) The commission may assess a civil penalty up to five hundred fifty dollars under this  
15 subsection (7).

16 (8) Within ten days of receiving a complaint about a driver's alleged violation of subsection (6)  
17 of this section, the commission shall report the complaint to the transportation network  
18 company for which the driver provides services.

19 (9) A driver shall immediately report to the transportation network company any refusal to  
20 transport a passenger pursuant to paragraph (a) of subsection (6) of this section, and the  
21 transportation network company shall annually report all such refusals to the commission in a  
22 form and manner determined by the commission.

23  
24 Section 5. [*Permit required for transportation network companies - penalty for violation - rules.*]

25 (1) A person shall not operate a transportation network company in [Colorado] without first  
26 having obtained a permit from the commission.

27 (2) The commission shall issue a permit to each transportation network company that meets the  
28 requirements of this [Act] and pays an annual permit fee of one hundred eleven thousand two  
29 hundred fifty dollars to the commission. The commission may adjust the annual permit fee  
30 by rule to cover the commission's direct and indirect costs associated with implementing this  
31 [Act.]

32 (3) The commission shall determine the form and manner of application for a transportation  
33 network company permit.

34 (4) The commission may take action against a transportation network company as set forth in  
35 [Insert citation.], including issuing an order to cease and desist and suspending, revoking,  
36 altering, or amending a permit issued to the transportation network company.

37 (5)

38 (a) For a violation of this [Act] or a failure to comply with a commission order, decision, or  
39 rule issued under this [Act], a transportation network company is subject to the  
40 commission's authority under [Insert citation.]

41 (b) The commission shall not assess a penalty against a driver.

42 (6) The commission may deny an application under this [Ac] or refuse to renew the permit of a  
43 transportation network company based on a determination that the transportation network  
44 company has not satisfied a civil penalty arising out of an administrative or enforcement  
45 action brought by the commission.



1 Section 6. [*Fees - transportation network company fund - creation.*]  
2 The commission shall transmit all fees collected pursuant to this [Act] to the state treasurer, who  
3 shall credit the fees to the transportation network company fund, which is hereby created in the  
4 state treasury. The moneys in the fund are continuously appropriated to the commission for the  
5 purposes set forth in this [Act]. All interest earned from the investment of moneys in the fund is  
6 credited to the fund. Any moneys not expended at the end of the fiscal year remain in the fund  
7 and do not revert to the general fund or any other fund.

8  
9 Section 7. [*Rules.*]

- 10 (1) The commission may promulgate rules consistent with this [Act], including rules concerning  
11 administration, fees, and safety requirements.  
12 (2) The commission may promulgate rules requiring a transportation network company to  
13 maintain and file with the commission evidence of financial responsibility and proof of the  
14 continued validity of the insurance policy, surety bond, or self-insurance, but shall not  
15 require a transportation network company to file a copy of the insurance policy.

16  
17 Section 8. [*Transportation network company drivers – rules.*]  
18 Upon the effective date of this [Act] the director, upon consideration of existing [Colorado]  
19 statutory and case law, may by rule determine whether or not transportation network companies  
20 have an obligation under existing [Colorado] law to provide or offer for purchase workers'  
21 compensation insurance coverage to transportation network company drivers.