

CAPITOL RESEARCH

● ● ● TRANSPORTATION POLICY

STATE REGULATION OF RIDESHARE COMPANIES

States have been addressing the challenges presented by rideshare companies since 2013.

- After first declaring them illegal, California became the first state to legalize rideshare services in 2013 when the California Public Utilities Commission voted to pass proposed rules creating a new class of “transportation network companies.”¹
- Colorado was the first state to enact legislation authorizing rideshare services in June 2014.²
- By the end of 2015, 28 states and the District of Columbia had enacted rideshare legislation.³
- New Mexico⁴, South Dakota⁵ and West Virginia⁶ enacted rideshare legislation in the first quarter of 2016.
- As of the end of March 2016, another five states were in the process of considering legislation.⁷

State rideshare legislation has sought to address a variety of major legislative issues, including:

- The legality of ridesharing;
- Requirements for public safety, including the adequacy of insurance coverage and background checks for drivers;
- Disclosure requirements for regulators and insurers;
- The rights of insurance companies to cancel or not renew insurance for rideshare drivers or deny coverage while engaged in ridesharing;
- Generation of employment opportunities;
- Conflicts with the taxi industry; and
- States’ rights vs. municipal rights.⁸



Issues of insurance adequacy have produced some of the most significant questions for lawmakers in rideshare legislation.

- Are rideshare drivers covered by personal auto policies, or are more costly commercial policies needed?
- Is coverage sufficient to protect the passenger, the driver and the general public?
- Do drivers, who operate as independent contractors and typically lack benefits afforded full-time employees such as workers’ compensation insurance, have sufficient protections?⁹

Many of the rideshare laws passed in recent months are based on a model law developed by the National Conference of Insurance Legislators. The model law was based in part on Indiana's rideshare law that incorporated compromise language agreed to by rideshare company Uber and insurers. It includes the following features.

- It requires primary auto liability insurance purchased by the driver and/or by the rideshare company to cover the period in which the driver is logged into the online system and is available to receive a transportation request and the period during which the driver is transporting a rider.
- It requires certain disclosures to drivers.
- It requires a rideshare company to have a permit from the state before it can operate there.
- It establishes rules regarding who can serve as a driver.
- It specifies that a rideshare company may meet its insurance requirements by purchasing coverage through an insurer that's highly rated by a rating agency recognized by the department of insurance.¹⁰

While many of the state rideshare laws around the country are similar, some have unique features.

- Rideshare laws in three states—Arkansas, Indiana and North Carolina—require drivers for the companies to be classified as independent contractors.¹¹
- Nevada's legislation includes a 3 percent excise tax on rideshare and taxi fares. At least \$19 million of the \$70 million generated by the tax is helping to fund a medical school at the University of Nevada-Las Vegas.¹²
- Maryland's legislation requires rideshare companies to prove they have a stringent background check system in place that requires fingerprinting of all drivers.¹³ Under the law, Uber drivers are required to submit fingerprints but the company can ask for a waiver to the rule if it proves its background check is just as rigorous as the fingerprint-based one. The Maryland Public Service Commission is the agency charged with determining if such a waiver is granted.¹⁴ Uber has argued against fingerprinting drivers saying they turn up arrests, not convictions, and thus are unfair to populations that get arrested more frequently.¹⁵
- Georgia's legislation requires drivers to be responsible for their own background checks.¹⁶



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STATE LAWS ON RIDESHARE 2013-16

State	State Law	Year Enacted	Link to Legislation
Alabama	No		
Alaska	No		
Arizona	Yes	2015	https://legiscan.com/AZ/text/HB2135/id/1201440
Arkansas	Yes	2013	http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1053.pdf
California	Yes	2014	https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB2293
Colorado	Yes	2014	http://tornado.state.co.us/gov_dir/leg_dir/olls/sl2014a/sl_323.htm
Connecticut	No		
Delaware	No		
District of Columbia	Yes	2014	https://legiscan.com/DC/text/B20-0753/2013
Florida	No		
Georgia	Yes	2015	https://www.documentcloud.org/documents/2692509-HB-190.html
Hawaii	No		
Idaho	Yes	2015	http://www.legislature.idaho.gov/legislation/2015/H0316.pdf
Illinois	Yes	2015	http://ilga.gov/legislation/fulltext.asp?DocName=09800SB2774enr&GA=98&SessionId=85&DocTypeId=SB&LegID=78615&DocNum=2774&GAID=12&Session=
Indiana	Yes	2015	https://iga.in.gov/legislative/2015/bills/house/1278#
Iowa	No		
Kansas	Yes	2015	http://www.kslegislature.org/li/b2015_16/measures/documents/sb117_enrolled.pdf
Kentucky	Yes	2015	http://www.lrc.ky.gov/record/15RS/sb153.htm
Louisiana	Yes	2015	https://www.legis.la.gov/legis/ViewDocument.aspx?d=935305
Maine	Yes	2015	http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0934&item=3&snm=127
Maryland	Yes	2015	http://mgaleg.maryland.gov/2015RS/bills/sb/sb0868t.pdf
Massachusetts	Pending		
Michigan	Pending		
Minnesota	Yes	2015	https://www.revisor.mn.gov/laws/?year=2015&type=0&doctype=Chapter&id=48
Mississippi	No		
Missouri	Pending		
Montana	Yes	2015	https://legiscan.com/MT/text/SB396/id/1164665
Nebraska	Yes	2015	http://nebraskalegislature.gov/FloorDocs/104/PDF/Slip/LB629.pdf
Nevada	Yes	2015	http://www.leg.state.nv.us/Session/78th2015/Bills/AB/AB175_EN.pdf
New Hampshire	No		
New Jersey	Pending		
New Mexico	Yes	2016	http://www.nmlegis.gov/Sessions/16%20Regular/final/HB0168.pdf
New York	Pending		
North Carolina	Yes	2015	http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6341a1.htm
North Dakota	Yes	2015	http://www.legis.nd.gov/assembly/64-2015/documents/15-0434-06000.pdf?20160403153437
Ohio	Yes	2015	https://www.legislature.ohio.gov/legislation/legislation-status?id=GA131-HB-237
Oklahoma	Yes	2015	http://webserver1.lsb.state.ok.us/cf_pdf/2015-16%20ENR/hB/HB1614%20ENR.PDF
Oregon	No		
Pennsylvania	Pending		
Rhode Island	No		
South Carolina	Yes	2015	http://www.scstatehouse.gov/sess121_2015-2016/prever/3525_20150618.htm
South Dakota	Yes	2016	http://legis.sd.gov/legislative_session/bills/Bill.aspx?File=HB1091ENR.htm&Session=2016
Tennessee	Yes	2015	http://wapp.capitol.tn.gov/apps/BillInfo/Default.aspx?BillNumber=HB0992
Texas	Yes	2015	http://www.legis.state.tx.us/BillLookup/Text.aspx?LegSess=84R&Bill=HB1733
Utah	Yes	2014	http://le.utah.gov/~2014/bills/static/HB0024.html
Vermont	No		
Virginia	Yes	2015	http://lis.virginia.gov/cgi-bin/legp604.exe?151+ful+CHAP0002+pdf
Washington	Yes	2015	http://lawfilesexet.leg.wa.gov/biennium/2015-16/Pdf/Bills/Session%20Laws/Senate/5550-S.SL.pdf
West Virginia	Yes	2016	https://legiscan.com/WV/text/HB4228
Wisconsin	Yes	2015	http://docs.legis.wisconsin.gov/2015/related/proposals/ab143
Wyoming	No		

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