



Submitted by Bill Zaagman
from GCS1 on behalf
of Matt Oddy.

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

December 10, 2013

Uber Detroit
c/o Grand Circus
Attention: Michael White, Detroit GM
1570 Woodward Avenue
Detroit, Michigan 48226

Dear Mr. White:

This office has received information that you are arranging for the transportation of passengers in intrastate commerce for compensation without having obtained authority (a business license) from the Michigan Department of Transportation (MDOT). Our records show that you do not hold a Certificate of Authority from this department to perform regulated intrastate transportation, and do not have annual motor vehicle safety inspections on file with the department as required by Act 271 of 1990. As a result, those transportation activities violate the statutory requirements.

Act 271 of 1990¹ requires that a limo passenger of carriers be properly insured, inspected, and registered with MDOT in accordance with the act. A limo carrier of passengers is defined as a person or legal entity that, either directly or through any device or arrangement, holds themselves out to the public as willing to transport a person for hire by limousine (vehicle with seating capacity of 15 passengers or less).

This letter is a warning against continued violation of Act 271. You must cease all regulated intrastate operations immediately and you may not resume them until you are in full compliance with the act as outlined in this letter.

Your website clearly states that passengers are paying for trips that are dispatched by your company. If your services were limited to matching passengers in need of a ride with an existing Act 271 registered limo carrier of passenger, you would be operating within the confines of Act 271. However, if you match passengers to vehicles that are not registered under Act 271 you (as the company that dispatched the ride) and the operator of the vehicle are operating in violation of Act 271. While your website also claims that all drivers are in compliance with "all local regulations," those vehicles used to provide passenger services for-hire that are not being operated by an Act 271 certified entity are not in compliance with state law.

¹ We quote Act 271 of 1990 throughout this letter under the assumption that your services are making use of vehicles that seat 15 passengers or less. If your services make use of vehicles that seat 16 passengers or more, the governing state law would be Act 432 of 1988.

There are two options for Uber Detroit to come into compliance with Act 271:

1. Limit your services to matching rides with providers that have a valid certificate of authority issued by MDOT. We recommend you seek written proof from the company that their Act 271 certification is valid and current and that it includes the specific vehicles that are being used in your matching services. If you take this approach, please provide MDOT with documentation that you will limit your ride matching services to Act 271 certified vehicles.
2. Become an authorized Act 271 carrier and ensure that all Act 271 requirements are met for each vehicle you dispatch. Requirements include annual fees, annual safety inspections and the proper level of insurance is carried on a continuous basis.

Detailed information about the requirements and how to become certified can be found on our website at www.michigan.gov/mdot at the left of the page click on Rail and Public Transit and under Passenger Transportation click on Bus & Limo Licenses.

Individuals or companies transporting passengers for hire in violation of Act 271 can be charged with a misdemeanor and may receive a \$500 fine and/or 90 days imprisonment, as imposed in Public Act 271. Each violation constitutes a separate offense including (but not limited to) operating without a certificate of authority, operating without proper insurance, operating without a safety inspection. In the case of rides dispatched by Uber, both the individual/entity operating the unlicensed vehicle and Uber as the company that dispatched the ride would be in violation of the act.

In addition to state law, please note that if you are dispatching taxi service (vehicles you dispatch have meters installed in them, the passengers are charged a metered fare, and the vehicles can be haled) then you must ensure that the vehicles are in compliance with local taxi ordinance. Contact the City of Detroit as well as any other city in which you are doing business to determine the local requirements.

Please provide a written response to this letter no later than December 23, 2013. Your response should include a statement of your understanding of the matters referred to and should contain a specific statement as to corrective action being taken by Uber.

If you have any questions or would like additional information please contact me at (517) 335-0904.

Sincerely,


for Michael Frezell, Supervisor
Bus and Limousine Regulatory Unit
Office of Passenger Transportation
Michigan Department of Transportation

Submitted by
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CRAIN'S DETROIT BUSINESS

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New for-hire vehicles must be subject to state protection

By Matt Oddy



Matt Oddy:
Operations
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As companies like Uber and Lyft make inroads into Michigan's for-hire passenger transportation market, it's important to make sure that the state's for-hire transportation laws are being applied fairly and equally to all companies.

The state regulates for-hire passenger transportation through the Limousines Transportation Act 271 of 1990 and the Michigan Vehicle Code. All vehicles transporting passengers are defined as limousines under the law and must have a commercial license plate. Drivers are required to have a chauffeur's license.

To differentiate themselves in the market, limousine companies have come up with clever marketing labels such as black car, luxury sedan, stretch limousine, limo taxi and now transportation network company, as Uber and Lyft call themselves. Regardless of how the vehicle or service is marketed, they are all transporting passengers, using a form of limousine, and being driven by a chauffeur.

TNCs like Uber and Lyft, however, claim that Michigan law doesn't apply to them — that they are not commercial vehicles because they use a technology-based business model (primarily a mobile phone application enabling passengers to connect with drivers via the Internet). Obviously, that argument defies common sense. Using technology in transportation is not new. GPS, mobile phone-based trip booking and wireless handheld computers have been used for years by limousine and taxi companies in local markets and around the world.

Would an airline be able to ignore Federal Aviation Administration flight rules or operate unlicensed if its passengers used a phone application to purchase tickets? Of course not. Yet TNC vehicles and drivers are allowed to transport passengers in Michigan without a chauffeur's license. That's simply wrong — and dangerous.

Drivers and passengers deserve to be protected by state regulations requiring vehicle safety inspections and adequate commercial personal injury and property insurance coverage — just as traditional taxi and limousine companies are.

Claiming they are not operating commercial vehicles because of the way customers contact them via cellphone, TNC drivers currently carry only personal insurance policies. However, for-hire transportation is universally recognized as a commercial activity, which would automatically invalidate the policy and potentially leave injured drivers, passengers and pedestrians at risk.

Current licensing rules and regulations — known as Red Wing laws — were developed to protect the public after the devastating limousine crash of Detroit Red Wings star Vladimir Konstantinov in 1997. The limousine he was riding in was being driven by an unlicensed driver with a suspended license.

The state in December 2013 issued an order to stop vehicles and drivers from violating the law, but for unknown reasons it has not enforced it. This is blatantly unfair. If the state isn't going to enforce the rules for some for-hire transportation providers, the same leniency should be applied to all. Senate Bill 184 has been introduced to amend the Limousine Transportation Act to allow big cities to regulate TNC vehicles as limousines.

Criticism that the legislation restricts free trade and creates barriers to entry in the market is untrue. The legislation does not implement a single new state regulation on TNC drivers or vehicles. It simply requires that existing laws be equally applied to all for-hire transportation providers, including TNC drivers and vehicles.

For-hire drivers and passengers will all be safer when the law is applied equally to all.

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