

HOUSE COMMERCE AND TRADE COMMITTEE
JUNE 2, 2015

Michigan Department of Transportation/Office of Passenger Transportation
For-Hire Passenger Transportation Briefing

- ❖ Transportation Network Companies (TNCs) are the latest entrant into the regulated “for-hire” passenger transportation marketplace
 - Currently populated by limousines, taxi cabs and charter buses
- ❖ In Michigan, the marketplace is already regulated; need to fit TNCs into an existing framework
 - State law currently regulates limos and charter buses
 - Many local ordinances regulate taxi cabs and some local ordinances also regulate limos
- ❖ MDOT is responsible for two state laws
 - Act 432 of 1982 – motor coach carriers (vehicles that transport 16 or more passengers)
 - Act 271 of 1990 – limo carriers (vehicles that transport 15 or fewer passengers)
 - Under these two laws MDOT:
 - Issues annual certificates of authority and vehicle decals to limo and bus companies, which includes:
 - Reviewing documentation of insurance
 - Conducting motor bus vehicle safety inspections and reviewing documentation of limo inspections
 - Collecting fees and penalties as prescribed under each law
 - Provides compliance assistance to the industry
 - Assists law enforcement agencies
 - Local law enforcement is the primary venue for enforcement
 - Ensures limos have been inspected by Secretary of State licensed garages following MDOT issued guidance
- ❖ MDOT has been seeking significant changes to both Act 271 and Act 432 for several years
 - Regulatory reform was needed before TNCs (such as UBER and LYFT) came into being
 - Even more critical with innovations TNCs bring to marketplace

MDOT Goals for Regulatory Reform

- ❖ Single set of rules by which small vehicles operate, regardless of whether that vehicle calls itself a limo, a taxi or a TNC
 - Every operator – whether a traditional business model or an app-based business model – should be able to compete in the marketplace with the same level of state oversight
 - A vehicle operator should be able to shift from one business model to the next and not have to shift from one set of rules to another
 - Local law enforcement needs to be able to enforce

- When a police officer comes across a for-hire provider, the state requirements need to be the same no matter what the operator calls themselves
- Regulation of small “for-hire passenger” vehicles follow a different paradigm than the regulation of larger vehicles
 - For small passenger vehicles – those traditionally used by limos, taxis and TNC drivers – shift from regulatory model focused heavily on vehicle inspection (i.e., away from the approach currently in place for limos under Act 271)
 - Act 271 approach not working now and not a good approach for TNCs
 - Move to a registration-based regulatory approach for all “for-hire passenger” providers using small vehicles
 - ◆ Focus on the driver as much as the vehicle
 - Maintain the vehicle safety focuses approach for larger vehicles that carry more passengers
- ❖ MDOT has developed language for a new law to cover limos, TNCs and taxis
 - Registration with the state
 - Written assurances of insurance, inspection, and driver background checks as well as vehicle and driver rosters
 - Fees to register that cover the cost of registration and state compliance oversight
 - Decals for registered vehicles
 - Distinctive signage/emblem on vehicles
 - Authority for the state to confirm that registration was accurate via audits of supporting documentation
 - Authority for field enforcement by local law enforcement
 - Consequences for non-compliance
- ❖ MDOT has developed language to move 9-15 passenger vehicles into Act 432 and modernize Act 432
 - MDOT will continue to focus on vehicle safety regulation for stretched vehicles, commercial sized vans and buses