

HB 3246 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 4/3

WHAT THE MEASURE DOES:

Provides exclusive regulation of transportation network companies (TNC). Requires TNC to register and pay annual fee to Department of Consumer and Business Services. Establishes requirements regarding records retention, insurance disclosure to driver, and information disclosure to rider. Requires TNC to conduct background check and review driving history of prospective drivers. Requires TNC to adopt, display and require drivers to follow written policies regarding compensation, discrimination, and drug and alcohol use. Requires TNC to adopt and display policy regarding complaint process. Provides that TNC driver is independent contractor if driver signs agreement. Establishes minimum level of insurance coverage for different situations. Allows insurer to deny or exclude coverage for loss or injury occurring while driver is connected to TNC's digital network. Authorizes Department to inspect certain records of TNC and impose civil penalty of up to \$100 per violation. Becomes operative January 1, 2018. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon's cities and counties have authority to regulate taxicabs, limousines and other vehicles for hire; legislation reaffirming the policy passed in 1985. Cities and counties are allowed to restrict the number of licenses, set maximum rates and establish how rates are calculated, establish safety and insurance requirements, and establish route boundaries. In the last decade, the transportation network company (TNC) model (also referred to as "ridesharing") developed to provide prearranged transportation services for compensation through a website or smart phone app to connect drivers using their personal vehicles with riders. Uber and Lyft are TNC companies people are most familiar with. Some cities in Oregon, such as Portland, have allowed TNCs to operate, while others, such as Salem, have not.

House Bill 3246 gives the State of Oregon exclusive authority to regulate TNCs. The measure requires a TNC to be licensed with the Department of Consumer and Business Services. and pay an annual fee of \$5,000. Drivers who sign a written agreement will be classified as independent contractors. The measure sets minimum insurance coverage levels and requires the TNC to perform a background check and review the driving history of prospective drivers. The measure establishes offenses that would disqualify a prospective driver from connecting to a TNC's digital network. Drivers are prohibited from discriminating based on the rider's protected class or location to be picked up. The measure requires the TNC to suspend a driver while investigating a complaint regarding a violation of the written policies on discrimination, drug and alcohol use, and compensation. The Department may inspect certain records and assess civil penalties.

This Summary has not been adopted or officially endorsed by action of the committee.