

Date of Hearing: June 20, 2018

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Miguel Santiago, Chair

SB 1080 (Newman) – As Amended May 25, 2018

SENATE VOTE: 37-0

SUBJECT: Transportation network companies: driver requirements and identification

SUMMARY: Requires a Transportation Network Company (TNC) driver to possess either a California driver's license, or, for nonresident active duty military members, or nonresident dependents of an active duty military member, an out-of-state driver's license. Specifically, **this bill:**

- 1) Requires a TNC participating driver to possess either of the following:
 - a) A valid driver's license issued by the State of California; or,
 - b) In the case of a nonresident active duty military member or a nonresident dependent of an active duty military member, a valid driver's license issued by the other state or territory of the United States in which the member or dependent is a resident.
- 2) Requires a TNC to comply with the specified provisions and obtain and review a driving history report from the state or territory of the United States that issued the individual's driver's license before permitting a nonresident active duty military member or a nonresident dependent of an active duty military member to act as a participating driver and shall ensure that the driver satisfies all requirements applicable to participating drivers, including, but not limited to, the regulations of the California Public Utilities Commission (CPUC) and specified applicable requirements.
- 3) Requires a TNC to notify all participating drivers of specified requirements either on the TNC's Internet Web site or on its application.

EXISTING LAW:

- 1) Establishes the "Passenger Charter-Party Carriers Act," which authorizes the CPUC to supervise and regulate every charter-party carrier of passengers (CPC) in the State and may do all things, necessary and convenient in the exercise of such power and jurisdiction, including issuing permits or certificates, investigating complaints against carriers, and cancel, revoke, or suspend permits and certificates for specific violations. (Public Utilities Code (PUC) Section Code 5381 et seq.)
- 2) Defines a "Transportation network company" to mean an organization, including, but not limited to, a corporation, limited liability company, partnership, sole proprietor, or any other entity, operating in California that provides prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using a personal vehicle. (PUC Section 5431)

- 3) Defines a “Participating driver” or “driver” to mean any person who uses a vehicle in connection with a TNC’s online-enabled application or platform to connect with passengers. (PUC Section 541)
- 4) Specifies that a TNC is eligible to participate and shall participate in the Employee Pull-Notice system (EPN), as specified, to regularly check the driving records of a participating driver regardless of whether the participating driver is an employee or an independent contractor of the TNC. (PUC Section 5444)
- 5) Requires a TNC and any participating driver to maintain TNC insurance, as specified, including primary liability insurance coverage of \$100,000 per person and \$300,000 per occurrence for death and personal injury, and \$50,000 for property damage from the moment a driver logs on to the application until the driver accepts a ride request; \$1 million for personal injury and property damage from the moment a driver logs on to the application until the driver accepts a ride request; and \$1 million for personal injury and property damage from the moment a ride request is accepted until the passenger exits the vehicle. (PUC Section 5433)
- 6) Requires a TNC to conduct, or have a third party conduct, a local and national criminal background check for each participating driver, as specified. (PUC Section 5445.2 (a)(1))
- 7) Authorizes the following persons to operate a motor vehicle in California without obtaining a California driver’s license, as specified:
 - a) A nonresident over the age of 18 years having in his or her immediate possession a valid driver’s license issued by a foreign jurisdiction of which he or she is a resident, as specified;
 - b) A nonresident, 21 years of age or older, if transporting hazardous material, as specified, in a commercial vehicle, having in his or her immediate possession, a valid license with the appropriate endorsement issued by another state or other jurisdiction that is recognized by the Department of Motor Vehicles (DMV), or a Canadian driver’s license and a copy of his or her current training certificate to transport hazardous material that complies with all federal laws and regulations with respect to hazardous materials, both of which shall be in his or her immediate possession; or,
 - c) A nonresident having in his or her immediate possession a valid driver’s license, issued by the Diplomatic Motor Vehicle Office of the Office of Foreign Missions of the United States Department of State, for the type of motor vehicle or combination of vehicles that the person is operating. (Vehicle Code (VEH) Section 12502)
- 8) Establishes the EPN at the DMV that provides the employer of a driver who drives specified type of vehicles with a report showing the driver’s current public record as recorded by the DMV, and any subsequent convictions, failures to appear, accidents, driver’s license suspensions, driver’s license revocations, or any other actions taken against the driving privilege or certificate, added to the driver’s record while the employer’s notification request remains valid and uncanceled. (VEH Section 1808.1)

FISCAL EFFECT: Unknown. This bill is keyed fiscal by the Legislative Counsel.

COMMENTS:

- 1) **Authors Statement:** According to the author, “With its high cost of living and daunting job market, California is a notoriously expensive and challenging place for the military and veteran families who relocate here, either as a result of a transfer while on active duty, or upon their return to California after completion of a service obligation. During those first months following relocation, where the costs of getting settled tend to hit hardest [...] the pressure to find sources of income to meet these shortfalls can be intense. In such a scenario, the earning opportunities offered by the ‘shared economy’ could make a meaningful difference in softening the impact of relocation for active duty military and their families [...] SB 1080 will eliminate the costly delays and onerous fees in apply for a California driver’s license for non-resident active duty military and their families who wish to earn additional income as rideshare drivers by allowing for the use of a valid out-of-state driver’s license.”
- 2) **Background:** The CPUC has regulatory and safety oversight authority over CPCs, such as limousines, airport shuttles, tour buses, sightseeing services, and charter, party buses. CPCs are charter vehicles that offer transportation services on a prearranged basis for the exclusive use of an individual or group. Charges are based on either, or a combination of, mileage or time of use. TNCs are companies that offer prearrange transportation services through an app on their smartphone or computer. Although TNCs do not neatly fall into the conventional definition of a CPC, the CPUC believes that TNCs fall under its existing jurisdiction over certain transportation services because they are providing passengers’ transportation for compensation.
- 3) **CPUC Regulations of TNCs:** Since the inception of TNCs, the Legislature and the CPUC has sought to balance the need to adopt rules and regulations that promote the public safety aspects of the TNC industry, while not obstructing the public’s demand for such new mode of transportation. In 2013, the CPUC adopted phase one of its decision (D. 13-09-045) related to TNCs. In the decision, the CPUC adopted requirements on TNC licensing, including requiring all TNC drivers to have a valid California driver’s license; requiring TNCs to obtain permits to operate; conduct background checks on drivers; check driver record prior to driving and quarterly thereafter; establish driver training programs; implement a zero-tolerance policy on drugs and alcohol; conduct vehicle inspections, among others.

According to the author, military service members and their families who are relocated here face many economic challenges. This bill would allow an active duty military member, or its dependent, to drive for a TNC with an out-of-state driver’s license. Current law allows certain drivers to drive on California roads without a California driver’s license, including nonresidents with an out-of-state driver’s license. According to the author, providing such opportunities to military families would help ease the stress of the transition process by providing more economic opportunities for their families. As previously mentioned, TNCs are required to establish driver training programs to ensure all divers are safely operating the vehicle prior to becoming a TNC drivers. Such training programs could include provisions on California driving laws, to better incorporate nonresidential active military members, or its dependents, as TNC drivers.

- 4) **DMV Employer Pull-Notice System:** The DMV EPN was created as a means for employers and regulatory agencies to ensure driver safety through the ongoing review of driver records. The system is designed to generate a report of a driver's record and electronically send the report to the employer under specific circumstances, such as upon enrollment of a driver, annually from the date of employment, or whenever a driver commits certain moving violations. Most commercial drivers, including drivers transporting property, passengers, and household goods are required to participate in the EPN. In 2015, the Legislature passed AB 1422 (Cooper) Chapter 791, Statutes of 2015, requiring TNCs to participate in the DMV EPN and to regularly check the driving records of all participating drivers.

This bill requires a TNC to obtain and review a driving history report from the state, or United States territory, before permitting a nonresident active duty military member, or its dependent, to act as a participating driver, and ensure that the specified driver satisfies all applicable requirements to become a TNC driver.

- 5) **Arguments in Support:** According to Lyft, the sponsor of the bill, "SB 1080 would streamline driver licensing requirements for active duty military and their dependents so they can begin earning extra income as Lyft drivers without unnecessary fees and delays. Current law requires members of the military who are stationed here temporarily to replace their valid, home state driver's license with a California license in order to work as a rideshare driver. This creates an unnecessary barrier for military families who relocated 10 times more often than civilian families – on average every two or three years, with no control over where they go next [...] The ridesharing industry has benefited tens of thousands of people across the state by offering a convenient way to earn additional income on a flexible schedule. Most Lyft drivers use Lyft to supplement other work, with 93% driving fewer than 20 hours per week. Military drivers should have easy access to these earning opportunities without unnecessary obstacles."
- 6) **Previous Legislation:** AB 1289 (Cooper) of 2016 requires a TNC to conduct a criminal background check for each participating driver. *Status: Chaptered by the Secretary of State, Chapter 740, Statutes of 2016.*

AB 1422 (Cooper) of 2015 requires TNCs to participate in the DMV EPN to regularly check the driving records of a participating driver. *Status: Chaptered by the Secretary of State, Chapter 791, Statutes of 2015.*

AB 2293 (Bonilla) of 2014 establishes rules for insurance coverage for TNCs to ensure personal and financial safety of consumers. *Status: Chaptered by the Secretary of State, Chapter 389, Statutes of 2014.*

AB 60 (Alejo) of 2013 requires the DMV to issue driver's licenses to persons who are ineligible for a Social Security Number if additional documentation is provided, as specified. *Status: Chaptered by the Secretary of State, Chapter 524, Statutes of 2013.*

- 7) **Double-referral:** This bill is double referred, and if passed by this Committee, will be referred to the Assembly Committee on Transportation.

REGISTERED SUPPORT / OPPOSITION:

Support

Lyft (sponsor)
American G.I. Forum of California
American Legion - Department of California
Bay Area Council
California Asian Pacific Chamber of Commerce
California Association of Veterans Service Agencies
California Chamber of Commerce
California District Attorneys Association
California State Commanders Veterans Council
City of San Diego
Engine
Honorable Chris Cate, San Diego Councilmember
Honorable Fiona Ma, State Board of Equalization Member
Internet Association
Military Officers Association of America-California Council of Chapters
National Guard Association of California
Oakland African-American Chamber of Commerce
Orange County Business Council
San Diego Regional Chamber of Commerce
San Francisco Chamber of Commerce
Silicon Valley Leadership Group
Southwest California Legislative Council
TechNet
Vietnam Veterans of America – California State Council

Opposition

None on file.

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