TNCs in Virginia

A Model for Success

Richard D. Holcomb
Commissioner, Virginia DMV
November 4, 2015
• Transportation Network Companies (TNC) connect drivers and riders through smartphone apps
• No street hails
• Not full-time drivers; use personal vehicles
• Drivers were operating for-hire with no government oversight

• TNC position
  – “Technology” not “transportation” companies
  – Existing regulations didn’t apply

• Rather than seek legislative authority, TNCs moved into Virginia with the expectation that laws would be adapted for their business models
Finding a Solution

• Short-term
  – Attempted dialogue with TNCs
  – Issued cease-and-desist letters
  – TNCs engaged
  – Granted temporary operating authority

• Long-term
  – Conducted 10-month legislative study
  – Brought together over 100 stakeholders
  – Researched other jurisdictions
• Key stakeholders came together for negotiations
  – Legislators
  – TNCs
  – Taxi/ Limousine industry
  – Insurance lobby
  – DMV

• Result - a bill on which all could agree and model legislation for the nation
McAuliffe signs Uber, Lyft bill

**Law makes rules on background checks, liability insurance**

*BY JACOB GEIGER*  
*Richmond Times-Dispatch*

Gov. Terry McAuliffe signed new rules for Uber and Lyft into law Tuesday and called the legislation a national example as cities and states decide how to regulate the ride-hailing services. "With so many diverse interests involved, we could have ended up in some of bumper cars," McAuliffe said. "However, we worked together and reached a mutual agreement that advances entrepreneurship, benefits the environment, and fulfills the public desire for transportation regulations, which are subject to negotiation and companies' interests and the laws of the Motor Vehicle Act, which are subject to regulation by the Motor Vehicle Department." The regulations include the following checks for drivers that would review past criminal histories and disqualify drivers who had a history of drug or alcohol abuse. The regulations also include the following checks for drivers that would review past criminal histories and disqualify drivers who had a history of drug or alcohol abuse.

*After signing a bill Tuesday allowing such companies as Uber and Lyft to operate in the state, Gov. Terry McAuliffe shook hands with DMV Commissioner Rick Holcomb and Attorney General Mark R. Herring (right) looked on.*
• TNCs licensed by DMV
• Driver screening the responsibility of each company
  – Drivers must be at least age 21 with valid driver’s license
  – Criminal and sex offender background checks required prior to hire and every other year with certain barrier crimes as a bar to entry
  – Driver’s license record checks required prior to hire and annually thereafter
Driver’s personal vehicles must:

- Meet standards, i.e. registration and safety inspections
- Seat no more than seven passengers, excluding the driver
- Have insurance coverage for commercial operations
- Register with DMV for TNC use
Vehicle markings required:
- Trade dress
- DMV decals
  - In-state – color-designated registration year decal for plates
  - Out-of-state – sticker for back window display
• Insurance liability minimums during a pre-arranged ride:
  – $1 million in primary liability coverage
  – $1 million in uninsured motorist and underinsured motorist coverage
• Insurance liability minimums at all other times a TNC driver is on the app
  – Anticipate insurance industry introducing new products so requirements established for 2015 and 2016
  – 7/1/15 – 12/31/15: TNC insurance provides **secondary** liability coverage of $125,000 per person/$250,000 per incident for death and bodily injury, and at least $50,000 per incident for property damage
• 1/1/16 and on: TNC insurance must provide - **primary** liability coverage of at least $50,000 per person/ $100,000 per incident for death and bodily injury/ and at least $25,000 per incident for property damage
Law Highlights

- TNC must disclose insurance requirements provided to TNC partners
- TNC must credential each driver; may be displayed through the app
- App must provide passenger with driver name, photo, and license plate
- E-receipts required
- Zero-tolerance policy for drugs and alcohol
- No discrimination
Law Highlights

- Street hails prohibited; drivers may only accept riders through the app
- If a driver engages in off-app rides, the TNC is required to remove the driver from the app for at least 12 months
- No airport operations unless pre-approved by the airport authority
Law Highlights

• DMV to conduct periodic compliance reviews
• TNCs to maintain records for three years
• Records must be made available to law enforcement
Implementation planning began in February
More than 180 employees, 14,000 hours
Estimated cost
  - Year 1 - $640,000
  - Annual recurring - $430,000
Six additional employees hired
• Rasier, a subsidiary of Uber, and Lyft applied for and were granted permanent operating authority under the new law
• No other TNCs applied; Sidecar has expressed interest
• Registration began June 4
• Registration options include:
  – Customer service centers
  – dmvNOW.com
  – Mail
  – Fax
  – TNC-initiated registration through a new secure portal
Vehicle Registrations

- Most registrations received through the secure portal
- More than 23,000 TNC vehicles by July 1
- Now more than 50,000 vehicles registered
  - 27,000 in-state
  - 23,000 out-of-state
- Most registrations from Virginia population centers
• DMV enforcement efforts show compliance increasing each month
  – Minor violations
  – Education ongoing
• Virginia will study if TNCs have effect on drunk driving
• The technology of transporting passengers and property continues to evolve
• Next trend – property/goods transport arranged via apps
Autonomous Vehicles

• Partnership to research and develop automated-vehicle technology
• Industry wants no proactive legislation
• Governor issued proclamation of support
• Better known as drones
• Virginia is part of the Mid-Atlantic Aviation Partnership
• Will DMVs have a role?
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