

CS FOR SENATE BILL NO. 14(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 3/8/17

Referred: Rules

Sponsor(s): SENATORS COSTELLO, MacKinnon, Hughes, Meyer

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to transportation network companies and transportation network**
2 **company drivers; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 LEGISLATIVE INTENT. It is the intent of the legislature to clarify the Alaska
7 Workers' Compensation Act, ensure the safety, reliability, and cost-effectiveness of rides
8 provided by transportation network company drivers in the state, and preserve and enhance
9 access to these important transportation options for residents of and visitors to the state.

10 * **Sec. 2.** AS 09.65 is amended by adding a new section to read:

11 **Sec. 09.65.350. Immunity for certain actions related to transportation**
12 **network companies.** (a) The state or a municipality, and the officers, employees, and
13 agents of the state or a municipality, are not liable in tort for damages for the injury to
14 or death of a person or property damage resulting from an act, omission, or failure of a

1 transportation network company or driver to comply with the requirements of
2 AS 28.23 or other law.

3 (b) In this section, "transportation network company" and "driver" have the
4 meanings given in AS 28.23.180.

5 * **Sec. 3.** AS 21.96 is amended by adding a new section to read:

6 **Sec. 21.96.018. Transportation network company insurance provisions.** (a)

7 Insurers that write automobile insurance in the state may exclude, notwithstanding any
8 requirement under AS 28.20, any and all coverage afforded under the policy issued to
9 an owner or operator of a personal vehicle for any loss or injury that occurs while a
10 driver is logged onto the digital network of a transportation network company or while
11 a driver provides a prearranged ride. The right to exclude all coverage may apply to
12 any coverage included in an automobile insurance policy, including

- 13 (1) liability coverage for bodily injury and property damage;
- 14 (2) uninsured and underinsured motorist coverage;
- 15 (3) medical payments coverage;
- 16 (4) comprehensive physical damage coverage; and
- 17 (5) collision physical damage coverage.

18 (b) Nothing in this section

19 (1) implies or requires that a personal automobile insurance policy
20 provide coverage while the driver

21 (A) is logged onto the digital network of a transportation
22 network company;

23 (B) is engaged in a prearranged ride; or

24 (C) otherwise uses a personal vehicle to transport passengers
25 for compensation;

26 (2) may be construed to require an insurer to use specific policy
27 language or to refer to this section in order to exclude any and all coverage for any
28 loss or injury that occurs while a driver

29 (A) is logged onto the digital network of a transportation
30 network company; or

31 (B) provides a prearranged ride; or

1 (3) precludes an insurer from providing coverage for the personal
2 vehicle of a transportation network company driver if the insurer chooses to provide
3 coverage by contract or endorsement.

4 (c) Automobile insurers that exclude coverage under (a) of this section do not
5 have a duty to defend or indemnify any claim expressly excluded under (a) of this
6 section. Nothing in this section may be considered to invalidate or limit an exclusion
7 contained in a policy, including any policy in use or approved for use in this state
8 before the enactment of this section, that excludes coverage for vehicles used to carry
9 persons or property for a charge or available for hire by the public.

10 (d) An automobile insurer that defends or indemnifies a claim against a driver
11 that is excluded under the terms of its policy shall have a right of contribution against
12 other insurers that provide automobile insurance to the same driver in satisfaction of
13 the coverage requirements of AS 28.23.050 at the time of loss.

14 (e) In a claims coverage investigation, a transportation network company shall
15 immediately provide, upon request by directly involved parties or any insurer of the
16 transportation network company driver, if applicable, the precise times that a
17 transportation network company driver logged onto and off of the digital network of a
18 transportation network company in the 12-hour period immediately preceding and in
19 the 12-hour period immediately following the accident. Insurers potentially providing
20 coverage shall disclose, upon request of any insurer involved in the claim, the
21 applicable coverages, exclusions, and limits provided under any automobile insurance
22 maintained under AS 28.23.050.

23 (f) In this section, "digital network," "personal vehicle," "prearranged ride,"
24 "transportation network company," "transportation network company driver," and
25 "driver" have the meanings given in AS 28.23.180.

26 * **Sec. 4.** AS 23.30.230(a) is amended to read:

27 (a) The following persons are not covered by this chapter:

- 28 (1) a part-time baby-sitter;
29 (2) a cleaning person;
30 (3) harvest help and similar part-time or transient help;
31 (4) a person employed as a sports official on a contractual basis and

1 who officiates only at sports events in which the players are not compensated; in this
 2 paragraph, "sports official" includes an umpire, referee, judge, scorekeeper,
 3 timekeeper, organizer, or other person who is a neutral participant in a sports event;

4 (5) a person employed as an entertainer on a contractual basis;

5 (6) a commercial fisherman, as defined in AS 16.05.940;

6 (7) an individual who drives a taxicab whose compensation and written
 7 contractual arrangement is as described in AS 23.10.055(a)(13), unless the hours
 8 worked by the individual or the areas in which the individual may work are restricted
 9 except to comply with local ordinances;

10 (8) a participant in the Alaska temporary assistance program
 11 (AS 47.27) who is engaged in work activities required under AS 47.27.035 other than
 12 subsidized or unsubsidized work or on-the-job training;

13 (9) a person employed as a player or coach by a professional hockey
 14 team if the person is covered under a health care insurance plan provided by the
 15 professional hockey team, the coverage is applicable to both work-related and
 16 nonwork-related injuries, and the coverage provides medical and related benefits as
 17 required under this chapter, except that coverage may not be limited to two years from
 18 the date of injury as described under AS 23.30.095(a); in this paragraph, "health care
 19 insurance" has the meaning given in AS 21.12.050; [AND]

20 (10) a person working as a qualified real estate licensee who performs
 21 services under a written contract that provides that the person will not be treated as an
 22 employee for federal income tax or workers' compensation purposes; in this
 23 paragraph, "qualified real estate licensee" means a person who is required to be
 24 licensed under AS 08.88.161 and whose payment for services is directly related to
 25 sales or other output rather than the number of hours worked; **and**

26 **(11) a transportation network company driver who provides a**
 27 **prearranged ride or is otherwise logged onto the digital network of a**
 28 **transportation network company as a driver.**

29 * **Sec. 5.** AS 23.30.230(c) is amended by adding new paragraphs to read:

30 (4) "digital network" has the meaning given in AS 28.23.180;

31 (5) "prearranged ride" has the meaning given in AS 28.23.180;

1 (6) "transportation network company" has the meaning given in
2 AS 28.23.180;

3 (7) "transportation network company driver" has the meaning given in
4 AS 28.23.180.

5 * **Sec. 6.** AS 28 is amended by adding a new chapter to read:

6 **Chapter 23. Transportation Network Companies and Drivers.**

7 **Sec. 28.23.010. Not other carriers.** A transportation network company or
8 driver is not a common carrier, contract carrier, or motor carrier, and may not provide
9 taxicab or for-hire vehicle service. The state or a municipality may not require a
10 transportation network company driver to register the personal vehicle the driver uses
11 to provide prearranged rides as a commercial or for-hire vehicle.

12 **Sec. 28.23.020. Fare collected for services.** A transportation network
13 company may charge a fare to a transportation network company rider. Before a fare is
14 collected from a rider, the transportation network company shall disclose to the rider,
15 on the company's Internet website or in the company's software application, the
16 transportation network company's fare or fare calculation method. The transportation
17 network company shall provide riders the option of receiving an estimated fare before
18 the rider enters the vehicle of a transportation network company driver.

19 **Sec. 28.23.030. Identification of transportation network company vehicles
20 and drivers.** Before a rider enters the personal vehicle of a transportation network
21 company driver, the transportation network company shall display on the company's
22 Internet website or in the company's software application a picture of the
23 transportation network company driver and the license plate number of the personal
24 vehicle providing the prearranged ride.

25 **Sec. 28.23.040. Electronic receipt.** Within a reasonable period following the
26 completion of a trip, the transportation network company shall transmit to the rider, on
27 behalf of the transportation network company driver, an electronic receipt showing the
28 origin and destination of the trip and itemizing the fare paid, if any.

29 **Sec. 28.23.050. Financial responsibility of transportation network
30 companies.** (a) A transportation network company driver, or transportation network
31 company on behalf of the driver, shall maintain primary automobile insurance that

1 recognizes that the driver is a transportation network company driver or otherwise
2 uses a vehicle to transport passengers for compensation and that covers the driver
3 while the driver is logged onto the digital network of a transportation network
4 company or while the driver is engaged in a prearranged ride.

5 (b) The following automobile insurance requirements shall apply while a
6 participating transportation network company driver is logged onto the digital network
7 of a transportation network company and is available to receive transportation requests
8 but is not engaged in a prearranged ride:

9 (1) primary automobile liability insurance in the amount of at least
10 \$50,000 for death and bodily injury for each person, \$100,000 for death and bodily
11 injury for each incident, and \$25,000 for property damage;

12 (2) uninsured or underinsured motor vehicle coverage as required
13 under AS 21.96.020 and AS 28.20.440;

14 (3) the coverage requirements of this subsection may be satisfied by

15 (A) automobile insurance maintained by the transportation
16 network company driver;

17 (B) automobile insurance maintained by the transportation
18 network company; or

19 (C) any combination of (A) and (B) of this paragraph.

20 (c) The following automobile insurance requirements shall apply while a
21 transportation network company driver is engaged in a prearranged ride:

22 (1) primary automobile liability insurance that provides at least
23 \$1,000,000 for death, bodily injury, and property damage;

24 (2) uninsured or underinsured motor vehicle coverage as required
25 under AS 21.96.020 and AS 28.20.440;

26 (3) the coverage requirements of this subsection may be satisfied by

27 (A) automobile insurance maintained by the transportation
28 network company driver;

29 (B) automobile insurance maintained by the transportation
30 network company; or

31 (C) a combination of (A) and (B) of this paragraph.

1 (d) If insurance maintained by a driver under (b) or (c) of this section has
2 lapsed or does not provide the required coverage, insurance maintained by a
3 transportation network company must provide the coverage required by this section
4 beginning with the first dollar of a claim, and the transportation network company
5 insurer has the duty to defend that claim.

6 (e) Coverage under an automobile insurance policy maintained by the
7 transportation network company may not be dependent on a personal automobile
8 insurer first denying a claim nor shall a personal automobile insurance policy be
9 required first to deny a claim.

10 (f) Insurance required by this section may be placed with an insurer licensed
11 under AS 21.09.060 or with a surplus lines insurer eligible under AS 21.34 that has a
12 credit rating not lower than A- from A.M. Best or a similar rating from another rating
13 agency recognized by the division of insurance.

14 (g) Insurance satisfying the requirements of this section shall be considered to
15 satisfy the financial responsibility requirement for a motor vehicle under AS 28.20.

16 (h) A transportation network company driver shall carry proof of coverage
17 under (b) and (c) of this section with the driver at all times during the driver's use of a
18 vehicle in connection with a digital network of a transportation network company. In
19 the event of an accident, a transportation network company driver shall provide the
20 insurance coverage information to the directly interested parties, automobile insurers,
21 and investigating police officers upon request under AS 28.22.019. Upon that request,
22 a transportation network company driver shall also disclose to directly interested
23 parties, automobile insurers, and investigating police officers whether the driver was
24 logged onto the digital network of a transportation network company or on a
25 prearranged ride at the time of an accident.

26 (i) If the insurance carrier for the transportation network company makes a
27 payment for a claim for physical damage to a personal vehicle that is subject to a lien,
28 the insurance carrier shall pay the claim jointly to the owner of the personal vehicle
29 and the primary lienholder or directly to the business repairing the personal vehicle.

30 **Sec. 28.23.060. Transportation network company automobile insurance**
31 **disclosures.** A transportation network company shall disclose in writing to

1 transportation network company drivers the following before the drivers are allowed
 2 to accept a request for a prearranged ride on the digital network of the transportation
 3 network company:

4 (1) the insurance coverage, including the types of coverage and the
 5 limits for each coverage, that the transportation network company provides while the
 6 transportation network company driver uses a personal vehicle in connection with a
 7 transportation network company's digital network;

8 (2) that the automobile insurance policy of the transportation network
 9 company driver might not provide any coverage while the driver is logged onto the
 10 digital network of a transportation network company and is available to receive
 11 transportation requests or is engaged in a prearranged ride, depending on the terms of
 12 the automobile insurance policy of the driver; and

13 (3) that, if the personal vehicle the transportation network company
 14 driver uses to provide transportation network services has a lien against it, using the
 15 motor vehicle for transportation network services without physical damage coverage
 16 may violate the terms of the contract with the lienholder.

17 **Sec. 28.23.070. Certificate of insurance.** A transportation network company
 18 shall file a written certificate of insurance with the director of the division of insurance
 19 demonstrating that the transportation network company has satisfied the requirements
 20 of AS 28.23.050. The certificate of insurance must state that the applicable insurance
 21 policy may not be cancelled unless written notice is provided to the division of
 22 insurance at least 30 days before cancellation.

23 **Sec. 28.23.080. Limitations on transportation network companies.** A
 24 transportation network company is not an employer of transportation network drivers
 25 under AS 23.20.520 and a transportation network company driver is an independent
 26 contractor for all purposes and is not an employee of the transportation network
 27 company if the transportation network company

28 (1) does not unilaterally prescribe specific hours during which a driver
 29 shall be logged onto the digital network of the transportation network company;

30 (2) does not impose restrictions on the ability of the driver to use the
 31 digital network of other transportation network companies;

1 (3) does not restrict a driver from engaging in any other occupation or
2 business; and

3 (4) enters into a written agreement with the driver stating that the
4 driver is an independent contractor for the transportation network company.

5 **Sec. 28.23.090. Zero tolerance for drug or alcohol use.** The transportation
6 network company shall implement a zero-tolerance policy prohibiting drug and
7 alcohol use while a driver is providing a prearranged ride or is logged onto the digital
8 network of the transportation network company but not providing a prearranged ride.
9 The transportation network company shall post the company's zero-tolerance policy
10 prohibiting drug and alcohol use on the company's Internet website.

11 **Sec. 28.23.100. Transportation network company driver requirements.**
12 Before a transportation network company allows an individual to accept trip requests
13 through its digital network, the transportation network company, or a third party, shall

14 (1) require the individual to submit to the transportation network
15 company an application that includes the individual's address, age, and driver's license
16 number, the motor vehicle registration and automobile liability insurance information
17 for the individual's personal vehicle, and other information required by the
18 transportation network company;

19 (2) conduct a local and national criminal background check for each
20 applicant that reviews

21 (A) a multi-state or multi-jurisdiction criminal records locator
22 or a similar commercial nationwide database with validation; and

23 (B) the United States Department of Justice National Sex
24 Offender Public Website; and

25 (3) obtain and review a driving history research report for the
26 individual.

27 **Sec. 28.23.110. Nondiscrimination and accessibility.** (a) The transportation
28 network company shall adopt a policy prohibiting discrimination based on destination
29 or a class or status protected under AS 18.80.210 with respect to a rider or potential
30 rider. The company shall inform drivers of the policy.

31 (b) A transportation network company driver shall comply with all applicable

1 laws relating to accommodation of service animals.

2 (c) A transportation network company may not impose additional charges for
3 providing services to riders with physical disabilities because of those disabilities.

4 **Sec. 28.23.120. Records.** A transportation network company shall keep
5 records

6 (1) maintained by the transportation network company for an
7 individual prearranged ride for at least one year from the date of the prearranged ride;
8 and

9 (2) maintained by individual transportation network company drivers
10 for one year after the agreement between the transportation network company and
11 driver entered into under AS 28.23.080(4) ends.

12 **Sec. 28.23.180. Definitions.** In this chapter,

13 (1) "digital network" means any online-enabled application, software,
14 website, or system offered or used by a transportation network company that enables
15 the prearrangement of rides with transportation network company drivers;

16 (2) "personal vehicle" means a motor vehicle that is used by a
17 transportation network company driver and is owned, leased, or otherwise authorized
18 for use by the transportation network company driver; "personal vehicle" does not
19 include a taxi, limousine, or other commercial motor vehicle for hire;

20 (3) "prearranged ride" means transportation provided by a driver to a
21 rider, beginning when a driver accepts a ride requested by a rider through a digital
22 network controlled by a transportation network company, continuing while the driver
23 transports a requesting rider, and ending when the last requesting rider departs from
24 the personal vehicle; "prearranged ride" does not include shared expense carpool or
25 vanpool arrangements or transportation provided using a taxi, limousine, or other
26 commercial motor vehicle for hire;

27 (4) "transportation network company" means a corporation,
28 partnership, sole proprietorship, or other entity that uses a digital network to connect
29 transportation network company riders to transportation network company drivers who
30 provide prearranged rides; a transportation network company may not be considered to
31 control, direct, or manage the personal vehicles or transportation network company

1 drivers that connect to its digital network, except where agreed to by written contract;

2 (5) "transportation network company driver" or "driver" means an
3 individual who

4 (A) receives connections to potential passengers and related
5 services from a transportation network company in exchange for payment of a
6 fee to the transportation network company; and

7 (B) uses a personal vehicle to offer or provide a prearranged
8 ride to riders upon connection through a digital network controlled by a
9 transportation network company in return for compensation or payment of a
10 fee;

11 (6) "transportation network company rider" or "rider" means an
12 individual or person who uses a digital network of a transportation network company
13 to connect with a transportation network company driver who provides prearranged
14 rides to the rider in the driver's personal vehicle between points chosen by the rider.

15 **Sec. 28.23.190. Short title.** This chapter may be cited as the Transportation
16 Network Companies Act.

17 * **Sec. 7.** AS 29.10.200 is amended by adding a new paragraph to read:

18 (66) AS 29.35.148 (regulation of transportation network companies or
19 drivers).

20 * **Sec. 8.** AS 29.35 is amended by adding a new section to read:

21 **Sec. 29.35.148. Regulation of transportation network companies or**
22 **drivers.** (a) The authority to regulate transportation network companies and
23 transportation network company drivers is reserved to the state, and, except as
24 specifically provided by statute, a municipality may not enact or enforce an ordinance
25 regulating transportation network companies or transportation network company
26 drivers.

27 (b) This section applies to home rule and general law municipalities.

28 (c) In this section,

29 (1) "transportation network company" has the meaning given in
30 AS 28.23.180;

31 (2) "transportation network company driver" has the meaning given in

1 AS 28.23.180.

2 * **Sec. 9.** This Act takes effect immediately under AS 01.10.070(c).