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**HOUSE BILL 2716**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** Representatives Tarleton, Orcutt, Wylie, and Harmsworth

AN ACT Relating to transportation network companies; amending RCW 43.79A.040, 48.177.010, 46.72.160, 46.74.020, 81.68.015, and 19.182.040; adding a new chapter to Title 46 RCW; recodifying RCW 48.177.010; repealing RCW 48.177.005; and prescribing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The purpose of this chapter is to: Provide statewide uniform regulation for transportation network companies within the state of Washington, encourage technological innovation, and preserve and enhance access to important transportation options for residents and visitors to Washington state.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Digital network" means any online-enabled technology application service, web site, or system offered or utilized by a transportation network company that enables the prearrangement of rides with transportation network company drivers.

(2) "Local law enforcement officer" means, for purposes of enforcement, any person authorized by a municipality or county, as applicable, to carry out enforcement activities under this chapter.

(3) "Municipality" means a city, town, or code city with a certificate of incorporation, or township created by an act of the state.

(4) "Prearranged ride" means the provision of transportation by a transportation network company driver to a transportation network company rider, beginning when a transportation network company driver accepts a ride requested by a transportation network company rider through a digital network controlled by a transportation network company, continuing while the transportation network company driver transports the transportation network company rider, and ending when the last transportation network company rider departs from the transportation network company vehicle. "Prearranged ride" does not include: (a) Transportation provided using a vehicle operating as a taxi, limousine, motor carrier as defined in RCW 81.80.010, or other for hire vehicle pursuant to chapter 46.72, 46.73, or 81.72 RCW; (b) a shared expense carpool or vanpool arrangement or service as defined as ride sharing in RCW 46.74.010; (c) transportation provided by an auto transportation company as defined in RCW 81.68.010; or (d) transportation provided by metropolitan public transportation as defined in RCW 35.58.020.

(5) "Transportation network company" means a corporation, partnership, sole proprietorship, or other entity that is licensed under this chapter and operating in Washington state and uses a digital network to connect transportation network company riders to transportation network company drivers who provide prearranged rides. "Transportation network company" does not include a taxicab transportation service provided under chapter 46.72 or 81.72 RCW, an auto transportation company as defined in RCW 81.68.010, or metropolitan public transportation as defined in RCW 35.58.020.

(6) "Transportation network company driver" means an individual who:

(a) Receives connections to potential transportation network company riders and related services from a transportation network company; and

(b) Uses a transportation network company vehicle to offer or provide a prearranged ride to transportation network company riders upon connection through a digital network controlled by a transportation network company in exchange for compensation or payment of a fee.

(7) "Transportation network company rider" means an individual or persons who use a transportation network company's digital network to connect with a transportation network company driver who provides prearranged rides to the rider in the transportation network company driver's transportation network company vehicle between points chosen by the rider.

(8) "Transportation network company services" means services provided by a transportation network company driver at any time that a transportation network company driver is logged in to a transportation network company's digital network or providing a prearranged ride. "Transportation network company services" does not include services provided either directly or under contract with a political subdivision or other entity exempt from federal income tax under 26 U.S.C. Sec. 115 of the federal internal revenue code.

(9) "Transportation network company vehicle" means a vehicle that:

(a) Is used by a transportation network company driver to provide a prearranged ride;

(b) Is owned, leased, or otherwise authorized for use by the transportation network company driver;

(c) Is not operating as a taxicab, limousine, commuter ride-sharing vehicle, auto transportation company vehicle, or metropolitan public transportation vehicle for purposes of chapter 35.58, 46.72, 46.72A, 46.73, 46.74, 46.76, 81.68, or 81.72 RCW; and

(d) Has a seating capacity of fewer than eight persons, excluding the driver.

NEW SECTION. **Sec.**  A transportation network company or transportation network company driver is not a common carrier, motor carrier, or any other carrier as defined in RCW 81.80.010, and does not provide commuter ride sharing, taxicab, auto transportation company services, or metropolitan public transportation services pursuant to chapter 35.58, 46.72, 46.73, 81.68, or 81.72 RCW. A transportation network company driver is not required to register a transportation network company vehicle used to provide prearranged rides as a commercial vehicle or for hire vehicle.

NEW SECTION. **Sec.**  (1) A person must first obtain a permit from the department to operate a transportation network company in Washington state, except that any transportation network company operating in the state before the effective date of this section may continue operating until the department creates a permit process and sets a registration deadline.

(2) The department must annually issue a permit to each applicant that meets the requirements for a transportation network company as set forth in this chapter and pays an annual permit fee of five thousand dollars to the department.

(3) The department must deposit the permit fees collected under this section into the transportation network company account created in section 21 of this act.

NEW SECTION. **Sec.**  Any transportation network company operating in Washington state must maintain an agent for service of process in the state.

NEW SECTION. **Sec.**  (1) On behalf of a transportation network company driver, a transportation network company may charge a fare for transportation network company services provided to any transportation network company rider, but must disclose to the rider the fare or fare calculation method on its web site or within its digital network. Before a rider enters a transportation network company vehicle, the transportation network company must provide, on behalf of the transportation network company driver, either the fare for the prearranged ride or the option to receive an estimated fare for the prearranged ride.

(2) During a state of emergency, as declared by the governor or the president of the United States, a transportation network company may not charge a fare for transportation network company services provided to any transportation network company rider that exceeds two and one-half times the fare that would otherwise by applicable for the prearranged ride.

NEW SECTION. **Sec.**  A transportation network company's digital network or web site must display a photograph of the transportation network company driver and the license plate number of the transportation network company vehicle before the transportation network company rider enters the vehicle.

NEW SECTION. **Sec.**  Within one week following the completion of a trip, a transportation network company must transmit an electronic receipt to the transportation network company rider on behalf of the transportation network company driver that lists:

(1) The origin and destination of the trip;

(2) The total time and distance of the trip; and

(3) An itemization of the total fare paid, if any.

NEW SECTION. **Sec.**  (1) A transportation network company must implement a zero tolerance policy regarding a transportation network company driver's activities while accessing the transportation network company's digital network. The zero tolerance policy must address the use of drugs or alcohol while a transportation network company driver is providing prearranged rides or is logged in to the transportation network company's digital network but is not providing prearranged rides.

(2) A transportation network company must provide notice of this policy on its web site, as well as procedures to report a complaint about a transportation network company driver with whom a transportation network company rider was matched and whom the rider reasonably suspects was under the influence of drugs or alcohol during the course of the trip.

(3) Upon receipt of a complaint alleging a violation of the zero tolerance policy, the transportation network company must suspend the transportation network company driver's ability to accept trip requests through the transportation network company's digital network as soon as possible and conduct an investigation into the reported incident. The suspension must last the duration of the investigation. If the transportation network company determines that the transportation network company driver violated the zero tolerance policy, the transportation network company must take appropriate action against the driver, including, at a minimum, suspending the driver from the transportation network company's digital network until the transportation network company determines that the driver is compliant with the zero tolerance policy.

(4) A transportation network company must maintain records relevant to the enforcement of the policy under this section for a period of at least two years from the date that a transportation network company rider complaint is received by the transportation network company.

NEW SECTION. **Sec.**  (1) Before allowing an individual to accept trip requests as a transportation network company driver through a transportation network company's digital network:

(a) The individual must submit an application to the transportation network company, which includes information regarding his or her name, address, phone, age, driver's license number, motor vehicle registration, automobile liability insurance, and other information required by the transportation network company;

(b) The transportation network company, or a designated third party on behalf of the transportation network company, that is either nationally accredited or approved by the director, must conduct an annual local and national criminal background check for the applicant to include a review of:

(i) A multistate/multijurisdiction criminal records locator or other similar commercial nationwide database with validation (primary source search); and

(ii) The United States department of justice national sex offender public web site; and

(c) The transportation network company, or designated third party, must obtain and review a driving history report for the individual.

(2) A transportation network company must not permit an individual to act as a transportation network company driver on its digital network who:

(a) Has had more than three moving violations in the prior three-year period, or one of the following major violations in the prior three-year period:

(i) Attempting to elude the police pursuant to RCW 46.61.024;

(ii) Reckless driving pursuant to RCW 46.61.500; or

(iii) Driving on a suspended or revoked driver's license pursuant to RCW 46.20.342 or 46.20.345;

(b) Has been convicted, within the past seven years, of:

(i) Any class A or B felony, as defined in Title 9A RCW;

(ii) Any violent offense as defined in RCW 9.94A.030, or serious violent offense defined in RCW 9.94A.030;

(iii) Any most serious offense as defined in RCW 9.94A.030; or

(iv) Driving under the influence, hit and run, or any other driving-related crime pursuant to RCW 46.61.500 through 46.61.540;

(c) Has been convicted of any sex offense as defined in RCW 9.94A.030 or is a match in the United States department of justice national sex offender public web site;

(d) Does not possess a valid driver's license;

(e) Does not possess proof of automobile liability insurance for the motor vehicle or vehicles used to provide prearranged rides;

(f) Is not at least twenty years of age; or

(g) Has not self-certified that he or she is physically and mentally fit to be a transportation network company driver.

(3) Subsection (2)(a) and (b) of this section apply to any conviction of any offense committed in another jurisdiction that includes all of the elements of any of the offenses described or defined in subsection (2)(a) and (b) of this section.

NEW SECTION. **Sec.**  (1) A transportation network company must require that any motor vehicle that a transportation network company driver will use to provide prearranged rides:

(a) Is not more than twelve years old as determined by the model year of the vehicle;

(b) Meets the emissions requirements for motor vehicles; and

(c) Has received a safety inspection by a third party in the last year that includes the following components:

(i) Foot brakes;

(ii) Parking brakes;

(iii) Steering mechanism;

(iv) Windshield;

(v) Rear window and other glass;

(vi) Windshield wipers;

(vii) Headlights;

(viii) Taillights;

(ix) Brake lights;

(x) Front seat adjustment mechanism;

(xi) Doors;

(xii) Turn signal lights;

(xiii) Horn;

(xiv) Speedometer;

(xv) Bumpers;

(xvi) Muffler and exhaust system;

(xvii) Tires, including tread depth;

(xviii) Interior and exterior mirrors; and

(xix) Safety belts.

(2) All transportation network company vehicles must display trade dress that is visible to the rider when outside the vehicle when providing transportation network company services.

(3) A transportation network company must inform a transportation network company driver of the driver's responsibility to comply with all applicable safety recalls issued by a vehicle manufacturer or the national highway traffic safety administration for each motor vehicle the driver will use to provide prearranged rides.

NEW SECTION. **Sec.**  A transportation network company driver may not:

(1) Solicit or accept a trip request to provide transportation network company services other than a trip request arranged through a transportation network company's digital network;

(2) Provide transportation network company services for more than fourteen consecutive hours in a twenty-four hour period; or

(3) Allow any other individual to use that driver's access to a transportation network company's digital network.

NEW SECTION. **Sec.**  (1) A transportation network company must adopt a policy of nondiscrimination on the basis of destination, race, color, national origin, religious belief or affiliation, sex, disability, age, sexual orientation, or gender identity with respect to transportation network company riders and potential riders and notify transportation network company drivers of such policy.

(2) A transportation network company driver must comply with all applicable laws regarding nondiscrimination against transportation network company riders or potential riders on the basis of race, color, national origin, religious belief or affiliation, sex, disability, age, sexual orientation, or gender identity.

(3) A transportation network company driver must comply with all applicable laws relating to the transportation of service animals.

(4) A transportation network company may not impose additional charges for providing services to persons with disabilities because of those disabilities.

NEW SECTION. **Sec.**  A transportation network company must maintain the following records:

(1) Individual trip records for at least three years from the end of the calendar year in which each trip was provided; and

(2) Individual records of transportation network company drivers at least until the end of the calendar year marking the three-year anniversary of the date on which a transportation network company driver's relationship with the transportation network company has ended.

NEW SECTION. **Sec.**  (1) For the sole purpose of verifying that a transportation network company is in compliance with the requirements of this chapter and no more than twice per year, the department, or the local authority for a city with a population of more than five hundred thousand or a county with a population of more than one million, may review a sample of records that the transportation network company is required to maintain under this chapter. The sample of records must be chosen randomly by the department or local authority in a manner agreeable to both parties. Any audit must take place at a mutually agreed location in the state of Washington. Any record sample furnished to the department or local authority may exclude information that would tend to identify specific transportation network company drivers or riders.

(2) Notwithstanding RCW 42.56.270, records provided to the department or a local authority for inspection under this chapter are designated confidential and are not subject to disclosure to a third party by the department or local authority without prior written consent of the transportation network company and the transportation network company driver.

NEW SECTION. **Sec.**  (1)(a) Each prearranged ride provided by a transportation network company driver to a transportation network company rider while on the transportation network company's digital network must be assessed a ten-cent per trip passenger surcharge fee to cover the costs of enforcement and regulation of state transportation network company licensing and to be distributed to local political divisions of the state.

(b) The director may, by rule adopted under section 20 of this act, review the per trip surcharge fee imposed under (a) of this subsection not more frequently than annually, and increase the fee by rule to cover costs related to the continuing administration and enforcement of this chapter by the department, or by local authorities as permitted under this chapter, provided that any increase is limited to the extent such costs are not covered by the fee.

(2) Using geographic information system data, a transportation network company must determine whether each prearranged ride originated within the incorporated boundaries of a municipality, or outside of the incorporated boundaries of a municipality and within the boundaries of a county of this state.

(3) Within thirty days of the end of each calendar quarter, a transportation network company must submit to the department:

(a) The total amount of passenger surcharge fees collected by a transportation network company on behalf of transportation network company drivers; and

(b) For trips that originated in a municipality or unincorporated county, a report listing the percentage of the yearly total amount of passenger surcharge fees from trips that originated in each municipality or unincorporated county during the reporting period.

(4) The department must retain such amount of the passenger surcharge fee collected under subsection (3)(a) of this section as is necessary to cover the expenses borne by the department derived from the: (a) Regulation and registration of transportation network companies; and (b) the collection, remittance, and distribution of passenger surcharge fees under this section. The department must deposit these funds in the transportation network company account created in section 21 of this act.

(5) Within sixty days of the end of each calendar quarter, the department must distribute the remaining portion of the total passenger surcharge fees collected under subsection (3)(a) of this section less the amount retained under subsection (4) of this section to each municipality or county where a trip originated during the reporting period. The distribution to each municipality or county must be proportionate to the percentage of the yearly total amount of surcharge fees that originated in each municipality or county. The funds collected by each municipality or county under this subsection must be used to fund enforcement activities by the municipalities and counties relating to this chapter.

NEW SECTION. **Sec.**  (1) In addition to the surcharge fee assessed under section 16 of this act, each prearranged ride provided by a transportation network company driver to a transportation network company rider that originates in a city with a population of two hundred thousand or more or in a county with a population of one million or more must be assessed a ten cent per trip surcharge fee to offset costs associated with improving transportation options for individuals with disabilities.

(2) The surcharge fee assessed under subsection (1) of this section may be used to provide for, but is not limited to, reimbursement for: Costs associated with converting or purchasing a vehicle to be used as a taxicab or transportation network company vehicle that is fully wheelchair accessible by ramp or lift; costs for a transportation network company, taxicab company, or other for hire vehicle company to provide wheelchair-accessible vehicle rides to customers when the cost to provide the ride exceeds the cost charged to the customer; or extra fuel and maintenance costs.

(3) The surcharge fee assessed under subsection (1) of this section must be remitted directly to each applicable city and county within thirty days of the end of each calendar quarter.

NEW SECTION. **Sec.**  (1) If the department determines, after notice and a hearing, that a transportation network company is in violation of this chapter or any rule adopted under this chapter, the department may issue a monetary penalty or suspend or revoke a transportation network company permit, or both, in accordance with this chapter. In determining the amount of any monetary penalty, the department must consider the size of the transportation network company based on the number of intrastate trips provided by the transportation network company in the previous calendar year, the gravity of the violation, the degree to which the transportation network company exercised good faith in attempting to achieve compliance or to remedy noncompliance, and any previous violations by the transportation network company cited by the department. Any deceptive, manipulative, or coordinated practice used by a transportation network company to evade authorities, including through the use of a digital network or the system supporting the digital network, is a violation of this chapter.

(2) The department must adopt rules to establish a process for the administrative appeal of any penalty, suspension, or revocation imposed by the department in accordance with this section.

NEW SECTION. **Sec.**  The uniform regulation of business and professions act, chapter 18.235 RCW, governs unlicensed practice, the issuance and denial of licenses, and the discipline of licensees under this chapter.

NEW SECTION. **Sec.**  The director may adopt rules consistent with and as necessary to carry out this chapter.

NEW SECTION. **Sec.**  The transportation network company account is created in the custody of the state treasurer. All receipts from sections 4(2) and 16(4) of this act must be deposited into the account. Expenditures from the account may be used only for the purposes provided in section 16(4) of this act. Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

**Sec.**  RCW 43.79A.040 and 2017 3rd sp.s. c 5 s 89 are each amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

(2) All income received from investment of the treasurer's trust fund must be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments must occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state general fund except under (b), (c), and (d) of this subsection.

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The 24/7 sobriety account, the Washington promise scholarship account, the Gina Grant Bull memorial legislative page scholarship account, the Washington advanced college tuition payment program account, the Washington college savings program account, the accessible communities account, the Washington achieving a better life experience program account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family and medical leave insurance account, the food animal veterinarian conditional scholarship account, the forest health revolving account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the low-income home rehabilitation revolving loan program account, the multiagency permitting team account, the northeast Washington wolf-livestock management account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the Washington sexual assault kit account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the transportation network company account, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state heritage center account, the reduced cigarette ignition propensity account, the center for childhood deafness and hearing loss account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, and the radiation perpetual maintenance fund.

(c) The following accounts and funds must receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right-of-way revolving fund, the advanced environmental mitigation revolving account, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

(d) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the custody of the state treasurer that deposits funds into a fund or account in the custody of the state treasurer pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. **Sec.**  (1) Except as provided otherwise in this section, the state of Washington expressly occupies and preempts: (a) The requirements for entry into the business of providing transportation network company services, including without limitation, licensing and permits for transportation network companies and transportation network company drivers; and all requirements, applications, certifications, examinations, and background checks for transportation network company drivers, and the processing and adjudication of each; (b) the issuance, revocation, cancellation or refusal to issue or renew a transportation network company license or permit; (c) all rate or fare requirements for transportation network companies within the boundaries of the state, including control of the rates charged for transportation network company services and manner in which those rates are calculated and collected; (d) the routes and operations of transportation network companies, transportation network company drivers and transportation network company vehicles; and (e) safety and equipment requirements for transportation network companies, transportation network company drivers, and transportation network company vehicles.

(2) Nothing in this section limits the authority of any municipality, county, or port district to adopt requirements to ensure safe and reliable for hire transportation as authorized under RCW 46.72.160, so long as any requirements are consistent with this chapter.

(3) This section does not limit the authority of a city with a population of five hundred thousand or more or a county with a population of one million or more to enforce this chapter, including any rules adopted by the department under this chapter, as applicable to transportation network companies, transportation network company drivers, and transportation network company vehicles.

(4) Any public entity operating a commercial airport facility may fully regulate all transportation network company activities related to the provision of transportation network company services at the airport facility or on airport facility property including, but not limited to, rate, entry, and operational requirements and the enforcement of the public entity's rules and regulations; provided, however, that the state maintains the authority as set forth in sections 3, 4, 5, 7, 8, 9, 10, 11 (1)(a) and (c), (2), and (3), and 12 of this act. This chapter does not limit the authority of a public entity operating an airport facility from requiring a transportation network company permitted under section 4 of this act to enter into a contract or agreement governing the operations of the transportation network company on airport facility property.

(5) This chapter does not affect the authority of a municipality, county, or other local governmental entity from regulating and enforcing rules relating to traffic flow, traffic patterns, and roadways, including the public right-of-way, to ensure public safety and convenience and, if applicable, imposing impact fees.

**Sec.**  RCW 48.177.010 and 2015 c 236 s 2 are each amended to read as follows:

(1)(a) Before being used to provide ((~~commercial~~)) transportation network company services, every personal vehicle must be covered by a primary automobile insurance policy that specifically covers ((~~commercial~~)) transportation network company services. However, the insurance coverage requirements of this section are alternatively satisfied by securing coverage pursuant to chapter 46.72 or 46.72A RCW that covers the personal vehicle being used to provide ((~~commercial~~)) transportation network company services and that is in effect twenty-four hours per day, seven days per week. Except as provided in subsection (2) of this section, a ((~~commercial~~)) transportation ((~~services provider~~)) network company must secure this policy for every personal vehicle used to provide ((~~commercial~~)) transportation network company services. For purposes of this section, a "primary automobile insurance policy" is not a private passenger automobile insurance policy.

(b) The primary automobile insurance policy required under this section must provide coverage, as specified in this subsection (1)(b), at all times the driver is logged in to a ((~~commercial~~)) transportation ((~~services provider's~~)) network company's digital network ((~~or software application~~)) and at all times a passenger is in ((~~the~~)) a transportation network company vehicle as part of a prearranged ride.

(i) The primary automobile insurance policy required under this subsection must provide the following coverage during ((~~commercial~~)) transportation network company services applicable during the period before a driver accepts a requested ride through a digital network ((~~or software application~~)):

(A) Liability coverage in an amount no less than fifty thousand dollars per person for bodily injury, one hundred thousand dollars per accident for bodily injury of all persons, and thirty thousand dollars for damage to property;

(B) Underinsured motorist coverage to the extent required under RCW 48.22.030; and

(C) Personal injury protection coverage to the extent required under RCW 48.22.085 and 48.22.095.

(ii) The primary automobile insurance policy required under this subsection must provide the following coverage, applicable during the period of a prearranged ride:

(A) Combined single limit liability coverage in the amount of one million dollars for death, personal injury, and property damage;

(B) Underinsured motorist coverage in the amount of one million dollars; and

(C) Personal injury protection coverage to the extent required under RCW 48.22.085 and 48.22.095.

(2)(a) As an alternative to the provisions of subsection (1) of this section, if the office of the insurance commissioner approves the offering of an insurance policy that recognizes that a person is acting as a transportation network company driver ((~~for a commercial transportation services provider~~)) and using a personal vehicle to provide ((~~commercial~~)) transportation network company services, a driver may secure a primary automobile insurance policy covering a personal vehicle and providing the same coverage as required in subsection (1) of this section. The policy coverage may be in the form of a rider to, or endorsement of, the driver's private passenger automobile insurance policy only if approved as such by the office of the insurance commissioner.

(b) If the primary automobile insurance policy maintained by a driver to meet the obligation of this section does not provide coverage for any reason, including that the policy lapsed or did not exist, the ((~~commercial~~)) transportation ((~~services provider~~)) network company must provide the coverage required under this section beginning with the first dollar of a claim.

(c) The primary automobile insurance policy required under this subsection and subsection (1) of this section may be secured by any of the following:

(i) The ((~~commercial~~)) transportation ((~~services provider~~)) network company as provided under subsection (1) of this section;

(ii) The transportation network company driver as provided under (a) of this subsection; or

(iii) A combination of both the ((~~commercial~~)) transportation ((~~services provider~~)) network company and the transportation network company driver.

(3) The insurer or insurers providing coverage under subsections (1) and (2) of this section are the only insurers having the duty to defend any liability claim from an accident occurring while ((~~commercial~~)) transportation network company services are being provided.

(4) In addition to the requirements in subsections (1) and (2) of this section, before allowing a person to provide ((~~commercial~~)) transportation network company services as a transportation network company driver, a ((~~commercial~~)) transportation ((~~services provider~~)) network company must provide written proof to the driver that the driver is covered by a primary automobile insurance policy that meets the requirements of this section. Alternatively, if a transportation network company driver purchases a primary automobile insurance policy as allowed under subsection (2) of this section, the ((~~commercial~~)) transportation ((~~services provider~~)) network company must verify that the driver has done so.

(5) A primary automobile insurance policy required under subsection (1) or (2) of this section may be placed with an insurer licensed under this title to provide insurance in the state of Washington or as an eligible surplus line insurance policy as described in RCW 48.15.040.

(6) Insurers that write automobile insurance in Washington may exclude any and all coverage afforded under a private passenger automobile insurance policy issued to an owner or operator of a personal vehicle for any loss or injury that occurs while a transportation network company driver ((~~for a commercial transportation services provider~~)) is logged in to a ((~~commercial~~)) transportation ((~~services provider's~~)) network company's digital network or while a transportation network company driver provides a prearranged ride. This right to exclude all coverage may apply to any coverage included in a private passenger automobile insurance policy including, but not limited to:

(a) Liability coverage for bodily injury and property damage;

(b) Personal injury protection coverage;

(c) Underinsured motorist coverage;

(d) Medical payments coverage;

(e) Comprehensive physical damage coverage; and

(f) Collision physical damage coverage.

(7) Nothing in this section shall be construed to require a private passenger automobile insurance policy to provide primary or excess coverage or a duty to defend for the period of time in which a transportation network company driver is logged in to a ((~~commercial~~)) transportation ((~~services provider's~~)) network company's digital network ((~~or software application~~)) or while the driver is engaged in a prearranged ride or the driver otherwise uses a vehicle to transport passengers for compensation.

(8) Insurers that exclude coverage under subsection (6) of this section have no duty to defend or indemnify any claim expressly excluded under subsection (6) of this section. Nothing in this section shall be deemed to invalidate or limit an exclusion contained in a policy, including any policy in use or approved for use in Washington state before July 24, 2015, that excludes coverage for vehicles used to carry persons or property for a charge or available for hire by the public.

(9) An exclusion exercised by an insurer in subsection (6) of this section applies to any coverage selected or rejected by a named insured under RCW 48.22.030 and 48.22.085. The purchase of a rider or endorsement by a transportation network company driver under subsection (2)(a) of this section does not require a separate coverage rejection under RCW 48.22.030 or 48.22.085.

(10) If more than one insurance policy provides valid and collectible coverage for a loss arising out of an occurrence involving a motor vehicle operated by a transportation network company driver, the responsibility for the claim must be divided as follows:

(a) Except as provided otherwise under subsection (2)(c) of this section, if the driver has been matched with a passenger and is traveling to pick up the passenger, or the driver is providing transportation network company services to a passenger, the ((~~commercial~~)) transportation ((~~services provider~~)) network company that matched the driver and passenger must provide insurance coverage; or

(b) If the driver is logged in to the digital network ((~~or software application~~)) of more than one ((~~commercial~~)) transportation ((~~services provider~~)) network company but has not been matched with a passenger, the liability must be divided equally among all of the applicable insurance policies that specifically provide coverage for ((~~commercial~~)) transportation network company services.

(11) In an accident or claims coverage investigation, a ((~~commercial~~)) transportation ((~~services provider~~)) network company or its insurer must cooperate with a private passenger automobile insurance policy insurer and other insurers that are involved in the claims coverage investigation to facilitate the exchange of information, including the provision of (a) dates and times at which an accident occurred that involved a participating transportation network company driver and (b) within ten business days after receiving a request, a copy of the provider's electronic record showing the precise times that the participating driver logged on and off the provider's digital network ((~~or software application~~)) on the day the accident or other loss occurred. The ((~~commercial~~)) transportation ((~~services provider~~)) network company or its insurer must retain all data, communications, or documents related to insurance coverage or accident details for a period of not less than the applicable statutes of limitation, plus two years from the date of an accident to which those records pertain.

(12) This section does not modify or abrogate any otherwise applicable insurance requirement set forth in this title.

(13) After July 1, 2016, an insurance company regulated under this title may not deny an otherwise covered claim arising exclusively out of the personal use of the private passenger automobile solely on the basis that the insured, at other times, used the private passenger automobile covered by the policy to provide ((~~commercial~~)) transportation network company services.

(14) If an insurer for a ((~~commercial~~)) transportation ((~~services provider~~)) network company makes a payment for a claim covered under comprehensive coverage or collision coverage, the ((~~commercial~~)) transportation ((~~services provider~~)) network company must cause its insurer to issue the payment directly to the business repairing the vehicle or jointly to the owner of the vehicle and the primary lienholder on the covered vehicle.

(15)(a) To be eligible for securing a primary automobile insurance policy under this section, a ((~~commercial~~)) transportation ((~~services provider~~)) network company must make the following disclosures in writing to a prospective driver in the prospective driver's terms of service:

WHILE OPERATING ON THE DIGITAL NETWORK ((~~OR SOFTWARE APPLICATION~~)) OF THE ((~~COMMERCIAL~~)) TRANSPORTATION ((~~SERVICES PROVIDER~~)) NETWORK COMPANY, YOUR PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY MIGHT NOT AFFORD LIABILITY, UNDERINSURED MOTORIST, PERSONAL INJURY PROTECTION, COMPREHENSIVE, OR COLLISION COVERAGE, DEPENDING ON THE TERMS OF THE POLICY.

IF THE VEHICLE THAT YOU PLAN TO USE TO PROVIDE ((~~COMMERCIAL~~)) TRANSPORTATION NETWORK COMPANY SERVICES FOR OUR COMPANY HAS A LIEN AGAINST IT, YOU MUST NOTIFY THE LIENHOLDER THAT YOU WILL BE USING THE VEHICLE FOR ((~~COMMERCIAL~~)) TRANSPORTATION NETWORK COMPANY SERVICES THAT MAY VIOLATE THE TERMS OF YOUR CONTRACT WITH THE LIENHOLDER.

(b) The prospective driver must acknowledge the terms of service electronically or by signature.

**Sec.**  RCW 46.72.160 and 1996 c 87 s 19 are each amended to read as follows:

Except as otherwise provided in chapter 46.--- RCW (the new chapter created in section 34 of this act), cities, counties, and port districts may license, control, and regulate all for hire vehicles operating within their respective jurisdictions. The power to regulate includes:

(1) Regulating entry into the business of providing for hire vehicle transportation services;

(2) Requiring a license to be purchased as a condition of operating a for hire vehicle and the right to revoke, cancel, or refuse to reissue a license for failure to comply with regulatory requirements;

(3) Controlling the rates charged for providing for hire vehicle transportation service and the manner in which rates are calculated and collected;

(4) Regulating the routes and operations of for hire vehicles, including restricting access to airports;

(5) Establishing safety and equipment requirements; and

(6) Any other requirements adopted to ensure safe and reliable for hire vehicle transportation service.

**Sec.**  RCW 46.74.020 and 1979 c 111 s 2 are each amended to read as follows:

Ride-sharing vehicles are not deemed for hire vehicles and do not fall within the provisions of chapter 46.72 RCW or any other provision of Title 46 RCW affecting for hire vehicles or transportation network company vehicles, whether or not the ride-sharing operator receives compensation.

**Sec.**  RCW 81.68.015 and 2009 c 557 s 1 are each amended to read as follows:

This chapter does not apply to corporations or persons, their lessees, trustees, receivers, or trustees appointed by any court whatsoever insofar as they own, control, operate, or manage taxicabs, hotel buses, school buses, or any other carrier that does not come within the term "auto transportation company" as defined in RCW 81.68.010.

This chapter does not apply to persons operating motor vehicles when operated wholly within the limits of incorporated cities or towns, and for a distance not exceeding three road miles beyond the corporate limits of the city or town in Washington in which the original starting point of the vehicle is located, and which operation either alone or in conjunction with another vehicle or vehicles is not a part of any journey beyond the three-mile limit.

This chapter does not apply to commuter ride sharing or ride sharing for persons with special transportation needs in accordance with RCW 46.74.010, so long as the ride-sharing operation does not compete with or infringe upon comparable service actually being provided before the initiation of the ride-sharing operation by an existing auto transportation company certificated under this chapter.

This chapter does not apply to a service carrying passengers for compensation over any public highway in this state between fixed termini or over a regular route if the commission finds, with or without a hearing, that the service does not serve an essential transportation purpose, is solely for recreation, and would not adversely affect the operations of the holder of a certificate under this chapter, and that exemption from this chapter is otherwise in the public interest. Companies providing these services must, however, obtain a permit under chapter 81.70 RCW.

This chapter does not apply to a service carrying passengers for compensation over any public highway in this state between fixed termini or over a regular route if the commission finds, with or without a hearing, that the service is provided pursuant to a contract with a state agency, or funded by a grant issued by the department of transportation, and that exemption from this chapter is otherwise in the public interest. Companies providing these services must, however, obtain a permit under chapter 81.70 RCW.

This chapter does not apply to transportation network companies, transportation network company drivers, or transportation network company vehicles under chapter 46.--- RCW (the new chapter created in section 34 of this act).

**Sec.**  RCW 19.182.040 and 2011 c 333 s 2 are each amended to read as follows:

(1) Except as authorized under subsection (2) of this section, no consumer reporting agency may make a consumer report containing any of the following items of information:

(a) Bankruptcies that, from date of adjudication of the most recent bankruptcy, antedate the report by more than ten years;

(b) Suits and judgments that, from date of entry, antedate the report by more than seven years or until the governing statute of limitations has expired, whichever is the longer period;

(c) Paid tax liens that, from date of payment, antedate the report by more than seven years;

(d) Accounts placed for collection or charged to profit and loss that antedate the report by more than seven years;

(e) Records of arrest, indictment, or conviction of an adult for a crime that, from date of disposition, release, or parole, antedate the report by more than seven years;

(f) Juvenile records, as defined in RCW 13.50.010(1)((~~(c)~~)) (d), when the subject of the records is twenty-one years of age or older at the time of the report; and

(g) Any other adverse item of information that antedates the report by more than seven years.

(2) Subsection (1)(a) through (e) and (g) of this section is not applicable in the case of a consumer report to be used in connection with:

(a) A credit transaction involving, or that may reasonably be expected to involve, a principal amount of fifty thousand dollars or more;

(b) The underwriting of life insurance involving, or that may reasonably be expected to involve, a face amount of fifty thousand dollars or more; ((~~or~~))

(c) The employment of an individual at an annual salary that equals, or that may reasonably be expected to equal, twenty thousand dollars or more; or

(d) A background check searching for any conviction of an adult for a crime that is a sex offense as defined in RCW 9.94A.030.

NEW SECTION. **Sec.**  This chapter does not change or limit the authority of: The utilities and transportation commission to regulate special needs transportation providers under chapter 81.66 RCW, auto transportation companies under chapter 81.68 RCW, or charter and excursion companies under chapter 81.70 RCW; or a certificate holder under chapter 81.66, 81.68, or 81.70 RCW to provide transportation services within the scope of the holder's certificate.

NEW SECTION. **Sec.**  (1) A transportation network company driver, transportation network company, any of the company's agents, or any person acting on behalf of a transportation network company may not take adverse action against any transportation network company rider or riders if:

(a) The rider or former rider has informed any other person or made a complaint, or the driver or transportation network company believes a rider has informed any other person or made a complaint, including to the driver, the transportation network company, the department, the attorney general, or any other person, that the driver or transportation network company engaged in conduct that the rider reasonably believes violates this chapter;

(b) The rider or former rider has sought information about the rider's rights under this chapter or informed others about their rights under this chapter; or

(c) The rider or former rider has, or the driver or transportation network company believes a rider has, otherwise exercised rights protected under this chapter.

(2) For purposes of this section, "adverse action" means revoking or denying services.

NEW SECTION. **Sec.**  (1) The legislature finds that the practices covered under this chapter are matters vitally affecting the public interest for the purpose of applying chapter 19.86 RCW. A violation of this chapter is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for the purpose of applying chapter 19.86 RCW.

(2) The attorney general must maintain a toll-free number for complaints from transportation network company riders or former riders related to this chapter and maintain a web site to inform riders of their rights under this chapter.

(3) The transportation network company must maintain data regarding transportation network company rider complaints. The department and attorney general must have access to the data.

NEW SECTION. **Sec.**  RCW 48.177.005 (Definitions) and 2016 c 21 s 1 are each repealed.

NEW SECTION. **Sec.**  RCW 48.177.010 is recodified as a section in chapter 46.--- RCW (the new chapter created in section 34 of this act).

NEW SECTION. **Sec.**  Sections 1 through 21, 23, and 29 through 31 of this act constitute a new chapter in Title 46 RCW.

**--- END ---**