

Legislative Analysis



TAXI, LIMO, AND TNC SIGNAGE

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5259 (H-2) as reported from committee

Sponsor: Rep. Brandt Iden

Committee: Regulatory Reform

Complete to 3-5-18

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 150 of 2018)

BRIEF SUMMARY: House Bill 5259 would revise signage requirements for a taxicab carrier, limousine carrier, or transportation network company (TNC) to allow display on an affiliated vehicle of a registration number from the Department of Licensing and Regulatory Affairs (LARA) in place of, or in addition to, signage or an emblem.

FISCAL IMPACT: House Bill 5259 would not have a significant fiscal impact on any unit of state or local government. The bill would alter requirements for the signage that must be displayed while vehicles are being used by limousine, taxicab, and transportation network companies to provide transportation services. MCL 257.2151 provides for actions that may be taken in instances of violations of the act or rules; however, it is unlikely that any changes brought about by this bill would necessitate any enforcement action.

THE APPARENT PROBLEM:

It is not uncommon for new laws to be created or old ones to be amended to adapt to changing technologies or business practices. When ride hailing companies such as Uber and Lyft became popular in some areas of the state, the state's laws regulating taxi and limousine services needed updating. In March of 2017, the new Limousine, Taxicab, and Transportation Network Company Act took effect. Now that the Act's provisions have been in effect for almost a year, some deficiencies have become apparent. Specifically, some in the transportation industry have asked for clarity and relief from certain provisions pertaining to the signs that must be affixed to vehicles when in use to provide regulated services.

For example, industry members say that the new law requires taxis and limos to have both the name of the dispatch service with which they are affiliated and also their carrier signage, where before the new law took effect they could just use one name and their state-assigned registration number. The new law also requires that all signage and emblems be approved by LARA first, as well as that they satisfy subjective requirements such as being *sufficiently large* enough to be *readable* at 50 feet during the day. However, what is readable at 50 feet to one person may not be so for another. Reportedly, such requirements have resulted in some taxi and limo companies' submitting hundreds of proposed signage stickers to LARA for inspection and approval. Not only is this costly to transportation companies, but it can also delay a company from doing business until a sticker design gets approved. Legislation addressing issues raised by taxi, limousine, and TNC companies has been offered.

THE CONTENT OF THE BILL:

Currently, a taxicab carrier, limousine carrier, or TNC (e.g., Uber or Lyft) vehicle must display a consistent and distinctive signage or emblem, approved by LARA, at all times while the vehicle is being used to provide transportation services or, for TNC-related services, while it

is being used by a driver for a TNC prearranged ride or while the TNC driver is available to receive a transportation request.

House Bill 5259 would amend the Limousine, Taxicab, and Transportation Network Company Act to *allow* the vehicle to also display a LARA registration number (subject to a requirement described below). If a LARA registration number were displayed, the 10-digit number would have to be displayed following the symbol for numbers (e.g., #1234567891). The numbers would have to be at least 1-1/2 inches in height.

If the limousine or taxicab carrier, or TNC company, were providing services in association with a dispatch service provider, the carrier or TNC would have to display either its signage or emblem or the signage or emblem of the dispatch service provider. However, if the dispatch service provider's emblem or signage were displayed, the limousine or taxicab carrier, or TNC company, *would be required* to also display the LARA registration number on the vehicle.

Further, the bill would require the signage, emblem, or LARA registration number to be color-contrasted to be visible during daylight hours from a distance of at least 50 feet. This would replace the current requirement that signage or an emblem be reflective and sufficiently large and color-contrasted to be readable during daylight hours from a distance of at least 50 feet. The bill would revise the current requirement that the signage or emblem sufficiently identify the limousine carrier, taxicab carrier, or TNC with which the vehicle is affiliated to include identifying an affiliated dispatch service provider and to apply also to a LARA registration number.

Dispatch system provider is currently defined in the Act to mean a person operating in this state that uses any device, method, means, or arrangement, including a dispatch system, to connect potential passengers with a limousine carrier, taxicab carrier, limousine driver, or taxicab driver. Dispatch system provider does not include a limousine carrier or a taxicab carrier.

The Act defines ***dispatch system*** to mean any hardware, software, mobile device, or online-enabled application used by a limousine carrier or a taxicab carrier to connect limousine drivers or taxicab drivers to potential passengers.

[*Note*: The definition of ***dispatch system provider*** only applies to a limousine or taxicab carrier or limousine or taxicab driver. Therefore, the new requirement regarding displaying the LARA registration number if the dispatch system provider signage is used would not apply to a TNC company or its drivers.]

The bill would take effect 90 days after being enacted.

MCL 257.2111

ARGUMENTS:

For:

According to the testimony submitted by Checker, a taxicab and limousine carrier, the bill will fix what may have been inadvertent consequences created when the new Limousine, Taxicab, and Transportation Network Company Act took effect in March 2017. Signage would be

standardized and less subject to varying interpretations and would not have to be approved by LARA first. A vehicle regulated under the Act could once again display just its emblem or signage along with its state registration number, if it chose to do so. But, if the limo or taxicab provided services in association with a dispatch service provider and chose to display the dispatch service provider's signage or emblem, both the emblem or signage and the state registration number would have to be displayed (but the limo or taxicab carrier name would not have to also be displayed).

Enactment of the bill should provide signage and emblems that the public can easily see and recognize. Clarifying requirements for operators of limos, taxis, and ridesharing companies like Uber and Lyft will also reduce start-up costs for those wishing to enter the market and will shorten LARA's process in approving licenses.

Response:

Though the bill includes a reference to TNCs (Uber/Lyft) requiring the state registration number to be displayed if the dispatch service provider's signage or emblem were also displayed, TNCs are not included in the Act's definition of dispatch service provider, and so would not be subject to this requirement. This could cause confusion among drivers for Uber and Lyft when trying to comply with the Act's signage requirements.

POSITIONS:

A representative of Checker Transportation and Checker Cab submitted written testimony supporting the bill. (2-14-18)

The Wayne County Airport Authority indicated support for the bill. (2-14-18)

Lyft indicated support for the bill. (2-14-18)

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Marcus Coffin

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.