

**Department of Legislative Services**  
 Maryland General Assembly  
 2017 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 766  
 Finance

(Senator Ferguson)

**Public Utilities - Transportation Network Services - Operators' Licenses and Vehicle Permits**

This bill alters specified requirements for transportation network companies, transportation network operators, and vehicles used for transportation network services. A passenger motor vehicle used by a transportation network operator must have a valid safety inspection certificate that is issued within 90 days after the first use of the vehicle for transportation network services and annually thereafter. The inspection must verify the safe and proper operating condition of specified parts of the vehicle. The transportation network company must verify the certificate and the registration or license of the facility that performs the inspection. The Public Service Commission (PSC) is prohibited from establishing a maximum age for a vehicle used to provide transportation network services and from denying an application for a temporary or permanent transportation network operator’s license due to a criminal conviction, except for a crime of violence, that occurred more than seven years prior to the date of the application. PSC may deny an application if the applicant is on specified sex offender registries.

**Fiscal Summary**

**State Effect:** Special fund expenditures for PSC increase by \$57,400 in FY 2018 for staff needed to implement the bill. Future year expenditures reflect annualization and the elimination of one-time costs. Special fund revenues increase correspondingly from assessments imposed on public service companies.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	\$57,400	\$71,900	\$75,200	\$78,700	\$82,500
SF Expenditure	\$57,400	\$71,900	\$75,200	\$78,700	\$82,500
Net Effect	\$0	\$0	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill does not materially affect local government finances or operations.

**Small Business Effect:** Meaningful. To the extent that transportation network operators are considered small businesses, they benefit from the removal of the prohibition against vehicles older than 10 years (which is in PSC regulations) and the prohibition against license application denials for certain crimes.

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## Analysis

**Current Law/Background:** Chapter 204 of 2015 established a regulatory framework for transportation network services that encompasses transportation network companies and transportation network operators, including licensing, criminal history records checks, insurance requirements, and assessments. PSC was required to adopt various regulations to implement the framework; the regulations became effective in March 2016.

PSC regulations generally require a vehicle used to provide transportation network services to be inspected and certified annually by a facility licensed in the State or an adjacent state to do so. Vehicles more than 10,000 pounds must be inspected by a PSC representative. An initial proof of inspection is required prior to the issuance of the vehicle permit.

PSC regulations also generally require that a vehicle used to provide transportation network services, in addition to meeting other standards, be 10 model years old or less. There are exceptions for a vehicle that already has a permit issued by PSC with proof of semi-annual safety inspections or for an historic motor vehicle.

Current law requires transportation network operator's license applications to include a criminal background check. PSC advises that it has nonbinding [guidelines](#) for the issuance of transportation network operator's licenses, which include considerations of an applicant's driving and criminal histories. PSC has also ordered a rulemaking to establish formal standards in regulation, including a listing of both prior driving offenses and prior criminal offenses that would bear on the fitness of for-hire drivers, including transportation network operators.

**State Fiscal Effect:** Demand for licensure as a transportation network operator has exceeded initial expectations. PSC has already hired several additional staff to manage the existing workload, and those staff are currently working at capacity. The bill increases the number of individuals eligible for licensure as a transportation network operator, primarily by removing the age requirement on vehicles, but also through the change to the criminal and driving history application standards.

Therefore, to meet the expected increase in license and permit applications, PSC special fund expenditures increase by \$57,414 in fiscal 2018, which accounts for the bill's October 1, 2017 effective date. This estimate reflects the cost of hiring one administrative staff to help process additional applications for licenses and vehicle permits. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1
Salary and Fringe Benefits	\$52,305
Other Operating Expenses	<u>5,109</u>
<b>Total FY 2018 PSC Expenditures</b>	<b>\$57,414</b>

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses. Special fund revenues increase correspondingly from assessments imposed on public service companies.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1552 (Delegate Waldstreicher) - Rules and Executive Nominations.

**Information Source(s):** Public Service Commission; Maryland State Commission on Criminal Sentencing Policy; Judiciary (Administrative Office of the Courts); Department of Public Safety and Correctional Services; Maryland Department of Transportation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2017  
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Analysis by: Stephen M. Ross

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510