

FREQUENTLY ASKED QUESTIONS

Related to Proposed Ordinance for Transportation Network Companies (TNC)

February 24, 2016

Q: What is a vehicle-for-hire?

A: A vehicle-for-hire is a vehicle used for the provision of transportation services to the general public in exchange for compensation. Taxicabs, limousines, and transportation network companies (UberX, Lyft, etc.) are all different kinds of vehicles-for-hire. Traditional car-pooling or ride-sharing arrangements in which friends, neighbors or co-workers share driving duties and the cost of gasoline are not considered vehicles-for-hire by the City of Corpus Christi.

Q: What is a Transportation Network Company?

A: Transportation Network Companies (TNCs) are those that provide prearranged transportation services for compensation using an internet-enabled application or digital platform to connect passengers with drivers that use their personal vehicles to provide vehicle-for-hire services.

Q: What is the purpose of the proposed ordinance?

A: Transportation network companies have claimed that they are operating legally. This is incorrect. They have been operating in noncompliance with the City's vehicles-for-hire ordinance. As a result of such noncompliance, City officials have warned and cited TNC drivers. The City desires a regulatory framework that will result in voluntary compliance. Therefore, City Council has passed, on first reading, an ordinance that adopts Houston's TNC framework, under which at least one TNC currently provide services. The proposed ordinance establishes a more flexible regulatory regime that allows TNCs to establish operations in compliance with Corpus Christi law.

Q: What public safety requirements and operating requirements do the TNC drivers have to conform to?

A: Following are the minimum operating requirements for vehicle-for-hire vehicles and drivers, including TNCs:

- Fingerprint criminal background checks
- Vehicle inspections for roadworthiness
- Vehicle age limits
- Commercial automobile liability insurance
- Pre-licensing physicals for drivers
- Pre-licensing warrant checks for drivers
- Limitation on driver hours
- Payment of permit and licensing fees to the City
- Current fire extinguisher

Q: Will Uber and Lyft be required to pay fees?

A: Yes. The proposed ordinance requires a fee of 2% of gross receipts to be paid by all TNCs.

Q: Does the proposed ordinance cap the total number of TNC drivers or the total number of TNC vehicles?

A: No, there is no cap on the number of TNC participants.

Q: Will TNCs be required to carry commercial insurance?

A: Yes. The proposed ordinance requires TNCs to maintain at least the following minimum coverage as required by State law:

- Commercial automobile liability insurance with coverage with a total aggregate limit of liability of \$1 million for death, bodily injury, and property damage for each incident from the time a transportation network company driver is engaged in a prearranged ride.

Q: Why can't I hail a TNC on the street, or walk up to a known TNC vehicle and ask for a ride?

A: Under the proposed ordinance, a TNC driver may only transport a passenger, for compensation, if the trip was not initiated through the app. Personal automobile insurance policies contain a "livery exclusion" excluding any commercial use of a personal vehicle from coverage. For this reason, TNC customers should only take a trip that has been booked through the company's digital platform or smartphone app, and should ensure the driver is using the TNC app instead of some other, personal means of booking the trip. TNC drivers relying on personal insurance alone, without additional commercial insurance, could potentially be providing service without any insurance coverage for their customers, putting themselves, their passengers, and third parties at risk.

Q: If a driver/vehicle is approved for TNC, can they operate as both Uber and Lyft simultaneously?

A: Under the proposed ordinance, they may operate both systems in their vehicles once they are permitted. The ordinance does not set limitations on how many TNC companies a driver may work for.

Q: If a driver/vehicle is approved for TNC, can they also operate as a taxi or other forms of vehicle-for-hire?

A: No, the proposed ordinance prohibits a vehicle permitted or subject to a certificate of registration and operated as non-TNC vehicle for hire to be operated as a transportation network vehicle. This means that if a vehicle is permitted as a taxi, limo, or sightseeing service, it cannot obtain a TNC vehicle permit.