

State of Arizona
House of Representatives
Fifty-second Legislature
First Regular Session
2015

HOUSE BILL 2135

AN ACT

AMENDING SECTIONS 20-1631, 28-101, 28-142, 28-2164, 28-4009 AND 28-4033, ARIZONA REVISED STATUTES; AMENDING TITLE 28, CHAPTER 9, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 28-4038 AND 28-4039; AMENDING SECTIONS 41-2052 AND 41-2097, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 15, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 8; AMENDING SECTION 42-5062, ARIZONA REVISED STATUTES; RELATING TO TRANSPORTATION NETWORK SERVICES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 20-1631, Arizona Revised Statutes, is amended to
3 read:
4 20-1631. Definition of motor vehicle; cancellation of or
5 failure to renew coverage; limitations; limitation
6 of liability; exceptions; insurance producers;
7 definitions
8 A. In this article, unless the context otherwise requires, "motor
9 vehicle" means a licensed land, motor-driven vehicle but does not mean:
10 1. A private passenger or station wagon type vehicle used as a public
11 or livery conveyance or rented to others.
12 2. Any other four-wheel motor vehicle of a load capacity of fifteen
13 hundred pounds or less that is used in the business of transporting
14 passengers for hire, used in business primarily to transport property or
15 equipment, used as a public or livery conveyance or rented to others.
16 3. Any motor vehicle with a load capacity of more than fifteen hundred
17 pounds.
18 4. FROM AND AFTER FEBRUARY 29, 2016, A VEHICLE THAT OTHERWISE
19 QUALIFIES AS A MOTOR VEHICLE UNDER THIS SUBSECTION BUT ONLY WHILE THE DRIVER
20 OF THE VEHICLE IS LOGGED IN TO A TRANSPORTATION NETWORK COMPANY'S DIGITAL
21 NETWORK OR SOFTWARE APPLICATION TO BE A DRIVER OR IS PROVIDING TRANSPORTATION
22 NETWORK SERVICES, UNLESS EXPRESSLY COVERED BY THE PRIVATE PASSENGER POLICY.
23 B. A motor vehicle used as a public or livery conveyance or rented to
24 others does not include a motor vehicle used in the course of volunteer work
25 for a tax-exempt organization as described in section 43-1201, subsection A,
26 paragraph 4.
27 C. An insurer shall not cancel or refuse to renew a motor vehicle
28 insurance policy solely because of the location of residence, age, race,
29 color, religion, sex, national origin or ancestry of anyone who is an
30 insured.
31 D. An insurer shall not issue a motor vehicle insurance policy in this
32 state unless the cancellation and renewal conditions of the policy or the
33 endorsement on the policy includes the limitations required by this section.
34 After a policy issued in this state has been in effect for sixty days, or if
35 the policy is a renewal, effective immediately, the company shall not
36 exercise its right to cancel or fail to renew the insurance afforded under
37 the policy unless:
38 1. The named insured fails to discharge when due any of the
39 obligations of the named insured in connection with the payment of premium
40 for this policy or any installment of the premium.
41 2. The insurance was obtained through fraudulent misrepresentation.
42 3. The named insured, any person who resides in the same household as
43 the named insured and customarily operates a motor vehicle insured under the
44 policy or any other person who regularly and frequently operates a motor
45 vehicle insured under the policy:

1 (a) Has had the person's driver license suspended or revoked during
2 the policy period.

3 (b) Develops a permanent disability, either physically or mentally,
4 and such individual does not produce a certificate from a physician or a
5 registered nurse practitioner testifying to such person's ability to operate
6 a motor vehicle.

7 (c) Is or has been convicted during the thirty-six months immediately
8 preceding the effective date of the policy or during the policy period of:

9 (i) Criminal negligence resulting in death, homicide or assault and
10 arising out of the operation of a motor vehicle.

11 (ii) Operating a motor vehicle while in an intoxicated condition or
12 while under the influence of drugs.

13 (iii) Leaving the scene of an accident.

14 (iv) Making false statements in an application for a driver license.

15 (v) Reckless driving.

16 4. The insurer is placed in rehabilitation or receivership by the
17 insurance supervisory official in its state of domicile or by a court of
18 competent jurisdiction or the director has suspended the insurer's
19 certificate of authority based on its financially hazardous condition.

20 5. The named insured, any person who resides in the same household as
21 the named insured and customarily operates a motor vehicle insured under the
22 policy or any other person who regularly and frequently operates a motor
23 vehicle insured under the policy uses a motor vehicle rated or insured under
24 the policy as a private passenger motor vehicle regularly and frequently for
25 commercial purposes.

26 6. FROM AND AFTER FEBRUARY 29, 2016, THE NAMED INSURED, ANY PERSON WHO
27 RESIDES IN THE SAME HOUSEHOLD AS THE NAMED INSURED AND WHO CUSTOMARILY
28 OPERATES A MOTOR VEHICLE INSURED UNDER THE POLICY OR ANY OTHER PERSON WHO
29 REGULARLY AND FREQUENTLY OPERATES A MOTOR VEHICLE INSURED UNDER THE POLICY
30 USES A MOTOR VEHICLE RATED OR INSURED UNDER THE POLICY TO PROVIDE
31 TRANSPORTATION NETWORK SERVICES UNLESS, WHILE THE DRIVER IS LOGGED IN TO THE
32 TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE APPLICATION TO
33 BE A DRIVER OR IS PROVIDING TRANSPORTATION NETWORK SERVICES, THE NAMED
34 INSURED EITHER:

35 (a) HAS PROCURED AN ENDORSEMENT TO THE PRIVATE PASSENGER POLICY THAT
36 EXPRESSLY PROVIDES SUCH COVERAGE.

37 (b) IS COVERED BY A MOTOR VEHICLE LIABILITY INSURANCE POLICY ISSUED BY
38 ANOTHER INSURER EXPRESSLY PROVIDING SUCH COVERAGE.

39 ~~6-~~ 7. The director determines that the continuation of the policy
40 would place the insurer in violation of the laws of this state or would
41 jeopardize the solvency of the insurer.

42 ~~7-~~ 8. If the insured and the insured's family members are eligible
43 for insurance based solely on the insured's employment with the insurer,
44 employment of the insured with that insurer is terminated and the insurer

1 exercises its right to nonrenew the policy within twelve months following the
2 insured's termination of employment.

3 E. In addition to the authorization to fail to renew insurance
4 provided by subsection D of this section, an insurer may exercise its right
5 to fail to renew a motor vehicle insurance policy pursuant to this
6 subsection. An insurer shall provide notice of the nonrenewal to the named
7 insured as prescribed by section 20-1632 at least forty-five days before the
8 nonrenewal. A named insured who disputes the nonrenewal of the named
9 insured's policy may file an objection with the director pursuant to section
10 20-1633. An insurer shall not fail to renew more than one-half of one ~~per~~
11 ~~cent~~ PERCENT of its policies annually pursuant to this subsection. An
12 insurer may fail to renew a motor vehicle insurance policy if the named
13 insured, any person who resides in the same household as the named insured
14 and who customarily operates a motor vehicle insured under the policy or any
15 other person who regularly and frequently operates a motor vehicle insured
16 under the policy has had at any time during the thirty-six months immediately
17 before the notice of nonrenewal three or more at-fault accidents under any
18 motor vehicle insurance policy issued by this insurer in which the property
19 damage paid by the insurer for each accident that occurred prior to January
20 1, 2000 is more than one thousand eight hundred dollars. For accidents
21 occurring on or after January 1, 2000, the department of insurance shall
22 annually adjust and publish, to the nearest ten dollars, the threshold amount
23 of property damages in this subsection by the percentage change in the all
24 items component of the consumer price index for all urban consumers of the
25 United States department of labor, bureau of labor statistics. The insurer
26 shall not exercise its right to fail to renew the insurance under this
27 subsection unless the same individual has had all the accidents that make the
28 policy subject to nonrenewal under this subsection. The insurer shall not
29 exercise its right to fail to renew a motor vehicle insurance policy pursuant
30 to this subsection due to the accident record of the named insured if the
31 named insured has been insured for standard automobile bodily injury coverage
32 for at least ten consecutive years with the same insurer prior to the most
33 recent accident that makes the policy subject to nonrenewal under this
34 subsection. For the purposes of this subsection, "at-fault" means the
35 insured is at least fifty ~~per-cent~~ PERCENT responsible for the accident.

36 F. The company shall not cancel or fail to renew the insurance when a
37 person other than the named insured has violated subsection D, paragraph 3 of
38 this section, or fail to renew the insurance pursuant to subsection E of this
39 section due to the driving record of an individual other than the named
40 insured, if the named insured in writing agrees to exclude as insured the
41 person by name when operating a motor vehicle and further agrees to exclude
42 coverage to the named insured for any negligence that may be imputed by law
43 to the named insured arising out of the maintenance, operation or use of a
44 motor vehicle by the excluded person. The written agreement that excludes
45 coverage under a policy for a named individual is effective for each renewal

1 of the policy by the insurer and remains in effect until the insurer agrees
2 in writing to provide coverage for the named individual who was previously
3 excluded from coverage.

4 G. This article does not apply to any policy that has been in effect
5 less than sixty days at the time notice of cancellation is mailed or
6 delivered by the insurer unless the policy is a renewal policy, or to
7 policies:

8 1. Insuring any motor vehicle other than a private passenger motor
9 vehicle as defined in section 20-117.

10 2. Insuring the motor vehicle hazard of garages, motor vehicle sales
11 agencies, repair shops, service stations or public parking places.

12 3. Providing insurance only on an excess basis.

13 H. If a consumer purchases motor vehicle insurance coverage from an
14 insurance producer licensed in this state, the insurance producer that owns
15 the policy expiration shall remain the insurance producer of record for that
16 insured. In the event the insurer terminates the insurance producer's
17 contract, the insurance producer shall continue to provide customary services
18 to the insured. The insurer shall provide the insurance producer with a
19 minimum degree of authority necessary to provide customary services to the
20 insured and shall provide the same level of compensation for these services
21 that were in effect prior to the termination of the insurance producer
22 contract.

23 I. Subsection H of this section shall not apply if one or more of the
24 following conditions exist:

25 1. The insurance producer of record has had its license suspended or
26 revoked by the department.

27 2. The insurance producer of record is indebted to the insurer.

28 3. The insured has supplied the insurer with a written request that
29 its insurance producer of record be changed to another insurance producer of
30 the insurer.

31 4. The insurance producer of record has authorized transfer of this
32 account to another licensed insurance producer of the insurer.

33 5. The director has determined after a public hearing that
34 continuation of this relationship is not in the best interest of the public.

35 6. The insurance producer of record is under an exclusive contract or
36 contract requiring the insurance producer to submit all eligible business to
37 an insurer or group of insurers under a common management.

38 J. Subsection H of this section shall not apply to any transaction in
39 which the expiration of the policies is owned by the insurer.

40 K. Notwithstanding any law to the contrary, the issuance at renewal of
41 revised policy provisions to modify an existing policy by adding coverages or
42 policy provisions, modifying coverages or policy provisions, or eliminating
43 coverages or policy provisions is not a nonrenewal or cancellation of the
44 policy if the modification of a basic coverage does not eliminate the
45 essential benefit of that basic coverage. If the modification of the basic

1 coverage eliminates the essential benefit of the basic coverage, the director
2 shall order the insurer to remove the modification from the policy. This
3 subsection does not allow the insurer, without the written consent of the
4 insured, to eliminate the basic coverages of the policy or to reduce the
5 monetary limits of any of the basic coverages of the policy that were
6 selected and agreed on. This subsection does not limit a policyholder from
7 continuing to renew uninsured or underinsured motorist coverage pursuant to
8 section 20-259.01. For the purposes of this subsection, "basic coverage"
9 means any of the following:

- 10 1. Bodily injury coverage.
- 11 2. Property damage coverage.
- 12 3. Uninsured motorist coverage.
- 13 4. Underinsured motorist coverage.
- 14 5. Medical payments coverage.
- 15 6. Comprehensive coverage.
- 16 7. Collision coverage.

17 L. For the purposes of this section, ~~"fail to renew"~~ or
18 ~~"nonrenewal"~~ does not include the issuance and delivery of a new policy
19 within the same insurer or an insurer under the same ownership or management
20 as the original insurer as provided in this subsection. An insurer may
21 transfer up to one ~~per-cent~~ PERCENT of its policies to an affiliated insurer
22 within one calendar year if under a policy to be transferred one or more of
23 the insureds that are insured under the policy have individually within the
24 past thirty-six months had two or more at-fault accidents under any motor
25 vehicle insurance policy issued by this insurer in which the property damage
26 paid by the insurer for each accident exceeded one thousand five hundred
27 dollars or individually have had three or more moving violations. Moving
28 violations for which an insured completes an approved traffic school program
29 shall not be considered as a moving violation under this section. A company
30 shall not transfer a policy if a named insured agrees in writing to exclude
31 as an insured a person or persons who each individually meet the criteria for
32 transfer pursuant to this subsection and further agrees to exclude coverage
33 for any negligence that may be imputed by law to the named insured arising
34 out of the maintenance, operation or use of a motor vehicle by such excluded
35 person or persons. An insurer shall transfer only those individuals
36 responsible for the at-fault accidents or moving violations, and the excluded
37 or transferred insured's driving record shall not be used in determining
38 rates, surcharges or premiums for the nonexcluded or nontransferred insured.
39 The one ~~per-cent~~ PERCENT limit set forth in this subsection shall not apply
40 to transfers of policies from the original insurer to another insurer under
41 the same ownership or management as the original insurer if the rates charged
42 by the other insurer are the same as or lower than the rates charged by the
43 original insurer. No insurer shall transfer policyholders because of their
44 location of residence, age, race, color, religion, sex, national origin or
45 ancestry. Transfers by an insurer pursuant to this subsection shall not be

1 construed to permit a new unrestricted sixty day period for cancellation or
2 nonrenewal.

3 M. Except as provided in this subsection, an insurer shall not refuse
4 to renew a policy until after August 31, 1998, based on an insured's failure
5 to maintain membership in a bona fide association, until both the insurer and
6 bona fide association have complied with this subsection and shall not refuse
7 to renew any coverage continuously in effect before September 1, 1998,
8 subject to all the following:

9 1. In addition to any other reason provided in this section, an
10 insurer may refuse to renew an insurance policy issued pursuant to this
11 article if all of the following conditions apply:

12 (a) The insurer clearly discloses to the applicant and the insured in
13 the application for insurance and insurance policy that both the payment of
14 dues and current membership in the bona fide association are prerequisites to
15 obtaining or renewing the insurance.

16 (b) Any money paid to the bona fide association as a membership fee:

17 (i) Is not used by the insurer directly or indirectly to defray any
18 costs or expenses in connection with the sale or purchase of the insurance.

19 (ii) Is set independently of any factor used by the insurer to make
20 any judgment or determination about the eligibility of any individual,
21 including the member, an employee of a member or a dependent of a member, to
22 purchase or renew the insurance.

23 (c) The bona fide association has filed a certification with the
24 director verifying the eligibility of the insurer to refuse to renew an
25 insurance policy based on membership in the bona fide association.

26 2. To qualify as a bona fide association pursuant to this subsection,
27 the association shall meet all of the requirements of this paragraph. The
28 association shall file a statement with the director at least thirty days
29 before the commencement of the offer or sale of insurance as provided by this
30 subsection verifying that the association meets the requirements of this
31 paragraph. The association shall update the filing required by this
32 paragraph at least thirty days before the effective date of any material
33 change in the information contained in the statement, and shall file a
34 separate notice with the director if the insurance described in the statement
35 is no longer available through the association. The statement shall include
36 the following information:

37 (a) That the association has been in active existence for at least
38 five consecutive years immediately before the filing of the statement.

39 (b) That the association has been formed and maintained in good faith
40 for purposes other than obtaining or providing insurance and does not
41 condition membership in the association on the purchase of insurance.

42 (c) That the association has articles of incorporation and bylaws or
43 other similar governing documents.

44 (d) That the association does not condition membership in the
45 association or set membership fees on the eligibility of any individual,

1 including the member, an employee of the member or a dependent of the member,
2 to purchase or renew the insurance, or on any factor that the insurer could
3 not lawfully consider when setting rates.

4 (e) That the association has a relationship with a specific insurer or
5 insurers and identifies the insurer or insurers.

6 3. Membership fees collected by the bona fide association are not
7 premiums of the insurer that issued the coverage unless the bona fide
8 association:

9 (a) Uses any portion of the membership fees directly or indirectly to
10 defray any costs or expenses in connection with the sale or purchase of the
11 insurance.

12 (b) Sets or adjusts membership fees for any member of the bona fide
13 association based on any factor used by the insurer that issues the insurance
14 to make any judgment or determination about the eligibility of any
15 individual, including the member, an employee of the member or a dependent of
16 the member, to purchase or renew the insurance.

17 4. If the membership fees constitute premiums pursuant to paragraph 3
18 of this subsection, an insurer shall not refuse to renew a policy as
19 otherwise permitted by this subsection.

20 N. AN INSURER MAY ISSUE AN ENDORSEMENT TO A PRIVATE PASSENGER POLICY
21 THAT EXPRESSLY PROVIDES COVERAGE FOR THE PROVISION OF TRANSPORTATION NETWORK
22 SERVICES, BUT THAT ENDORSEMENT MAY NOT BE TREATED AS BASIC COVERAGE AS
23 DEFINED IN SUBSECTION K OF THIS SECTION AND ANY TERMINATION OF THE
24 ENDORSEMENT MAY NOT BE TREATED AS A MODIFICATION OF BASIC COVERAGE. AN
25 INSURER MAY TERMINATE THE ENDORSEMENT ALLOWED BY THIS SUBSECTION BY GIVING
26 ADVANCE NOTICE OF THE TERMINATION. ANY NOTICE BY THE INSURER TO THE
27 POLICYHOLDER TO TERMINATE THE ENDORSEMENT ALLOWED BY THIS SUBSECTION SHALL BE
28 MAILED TO THE NAMED INSURED BY UNITED STATES MAIL AT LEAST FORTY-FIVE DAYS
29 BEFORE THE EFFECTIVE DATE OF THE TERMINATION. THE NOTICE SHALL INCLUDE AN
30 EXPLANATION TO THE NAMED INSURED THAT THE FURTHER PROVISION OF TRANSPORTATION
31 NETWORK SERVICES FOLLOWING THE EFFECTIVE DATE OF THE TERMINATION MAY SUBJECT
32 THE INSURED TO CANCELLATION OR NONRENEWAL OF THE INSURED'S PRIVATE PASSENGER
33 MOTOR VEHICLE POLICY.

34 O. THIS SECTION AND SECTION 28-4009 DO NOT CREATE AN OBLIGATION OF AN
35 INSURER TO OFFER, PROVIDE OR ISSUE A POLICY OR AN ENDORSEMENT THAT INCLUDES
36 COVERAGE FOR ANY LIABILITY INCURRED WHILE A TRANSPORTATION NETWORK COMPANY
37 DRIVER IS LOGGED IN TO THE TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK
38 OR SOFTWARE APPLICATION TO BE A DRIVER OR IS PROVIDING TRANSPORTATION NETWORK
39 SERVICES.

40 P. FOR THE PURPOSES OF THIS SECTION, "TRANSPORTATION NETWORK COMPANY",
41 "TRANSPORTATION NETWORK COMPANY DRIVER" AND "TRANSPORTATION NETWORK SERVICES"
42 HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 41-2138.

1 Sec. 2. Section 28-101, Arizona Revised Statutes, is amended to read:

2 28-101. Definitions

3 In this title, unless the context otherwise requires:

4 1. "Alcohol" means any substance containing any form of alcohol,
5 including ethanol, methanol, propynol and isopropynol.

6 2. "Alcohol concentration" if expressed as a percentage means either:

7 (a) The number of grams of alcohol per one hundred milliliters of
8 blood.

9 (b) The number of grams of alcohol per two hundred ten liters of
10 breath.

11 3. "All-terrain vehicle" means either of the following:

12 (a) A motor vehicle that satisfies all of the following:

13 (i) Is designed primarily for recreational nonhighway all-terrain
14 travel.

15 (ii) Is fifty or fewer inches in width.

16 (iii) Has an unladen weight of one thousand two hundred pounds or
17 less.

18 (iv) Travels on three or more nonhighway tires.

19 (v) Is operated on a public highway.

20 (b) A recreational off-highway vehicle that satisfies all of the
21 following:

22 (i) Is designed primarily for recreational nonhighway all-terrain
23 travel.

24 (ii) Is sixty-five or fewer inches in width.

25 (iii) Has an unladen weight of one thousand eight hundred pounds or
26 less.

27 (iv) Travels on four or more nonhighway tires.

28 4. "Authorized emergency vehicle" means any of the following:

29 (a) A fire department vehicle.

30 (b) A police vehicle.

31 (c) An ambulance or emergency vehicle of a municipal department or
32 public service corporation that is designated or authorized by the department
33 or a local authority.

34 (d) Any other ambulance, fire truck or rescue vehicle that is
35 authorized by the department in its sole discretion and that meets liability
36 insurance requirements prescribed by the department.

37 5. "Aviation fuel" means all flammable liquids composed of a mixture
38 of selected hydrocarbons expressly manufactured and blended for the purpose
39 of effectively and efficiently operating an internal combustion engine for
40 use in an aircraft but does not include fuel for jet or turbine powered
41 aircraft.

42 6. "Bicycle" means a device, including a racing wheelchair, that is
43 propelled by human power and on which a person may ride and that has either:

44 (a) Two tandem wheels, either of which is more than sixteen inches in
45 diameter.

- 1 (b) Three wheels in contact with the ground, any of which is more than
2 sixteen inches in diameter.
- 3 7. "Board" means the transportation board.
- 4 8. "Bus" means a motor vehicle designed for carrying sixteen or more
5 passengers, including the driver.
- 6 9. "Business district" means the territory contiguous to and including
7 a highway if there are buildings in use for business or industrial purposes
8 within any six hundred feet along the highway, including hotels, banks or
9 office buildings, railroad stations and public buildings that occupy at least
10 three hundred feet of frontage on one side or three hundred feet collectively
11 on both sides of the highway.
- 12 10. "Combination of vehicles" means a truck or truck tractor and
13 semitrailer and any trailer that it tows but does not include a forklift
14 designed for the purpose of loading or unloading the truck, trailer or
15 semitrailer.
- 16 11. "Controlled substance" means a substance so classified under
17 section 102(6) of the controlled substances act (21 United States Code
18 section 802(6)) and includes all substances listed in schedules I through V
19 of 21 Code of Federal Regulations part 1308.
- 20 12. "Conviction" means:
- 21 (a) An unvacated adjudication of guilt or a determination that a
22 person violated or failed to comply with the law in a court of original
23 jurisdiction or by an authorized administrative tribunal.
- 24 (b) An unvacated forfeiture of bail or collateral deposited to secure
25 the person's appearance in court.
- 26 (c) A plea of guilty or no contest accepted by the court.
- 27 (d) The payment of a fine or court costs.
- 28 13. "County highway" means a public road THAT IS constructed and
29 maintained by a county.
- 30 14. "Dealer" means a person who is engaged in the business of buying,
31 selling or exchanging motor vehicles, trailers or semitrailers and who has an
32 established place of business.
- 33 15. "Department" means the department of transportation acting
34 directly or through its duly authorized officers and agents.
- 35 16. "DIGITAL NETWORK OR SOFTWARE APPLICATION" HAS THE SAME MEANING
36 PRESCRIBED IN SECTION 41-2138.
- 37 ~~16.~~ 17. "Director" means the director of the department of
38 transportation.
- 39 ~~17.~~ 18. "Drive" means to operate or be in actual physical control of
40 a motor vehicle.
- 41 ~~18.~~ 19. "Driver" means a person who drives or is in actual physical
42 control of a vehicle.
- 43 ~~19.~~ 20. "Driver license" means a license that is issued by a state to
44 an individual and that authorizes the individual to drive a motor vehicle.

1 ~~20.~~ 21. "Electric personal assistive mobility device" means a
2 self-balancing two nontandem wheeled device with an electric propulsion
3 system that limits the maximum speed of the device to fifteen miles per hour
4 or less and that is designed to transport only one person.

5 ~~21.~~ 22. "Farm" means any lands primarily used for agriculture
6 production.

7 ~~22.~~ 23. "Farm tractor" means a motor vehicle designed and used
8 primarily as a farm implement for drawing implements of husbandry.

9 ~~23.~~ 24. "Foreign vehicle" means a motor vehicle, trailer or
10 semitrailer that is brought into this state other than in the ordinary course
11 of business by or through a manufacturer or dealer and that has not been
12 registered in this state.

13 ~~24.~~ 25. "Golf cart" means a motor vehicle that has not less than
14 three wheels in contact with the ground, that has an unladen weight of less
15 than one thousand eight hundred pounds, that is designed to be and is
16 operated at not more than twenty-five miles per hour and that is designed to
17 carry not more than four persons including the driver.

18 ~~25.~~ 26. "Hazardous material" means a material, and its mixtures or
19 solutions, that the United States department of transportation determines
20 under 49 Code of Federal Regulations is, or any quantity of a material listed
21 as a select agent or toxin under 42 Code of Federal Regulations part 73 that
22 is, capable of posing an unreasonable risk to health, safety and property if
23 transported in commerce and that is required to be placarded or marked as
24 required by the department's safety rules prescribed pursuant to chapter 14
25 of this title.

26 ~~26.~~ 27. "Implement of husbandry" means a vehicle designed primarily
27 for agricultural purposes and used exclusively in the conduct of agricultural
28 operations, including an implement or vehicle whether self-propelled or
29 otherwise that meets both of the following conditions:

30 (a) Is used solely for agricultural purposes including the preparation
31 or harvesting of cotton, alfalfa, grains and other farm crops.

32 (b) Is only incidentally operated or moved on a highway whether as a
33 trailer or self-propelled unit. For the purposes of this subdivision,
34 "incidentally operated or moved on a highway" means travel between a farm and
35 another part of the same farm, from one farm to another farm or between a
36 farm and a place of repair, supply or storage.

37 ~~27.~~ 28. "Limousine" means a motor vehicle providing prearranged
38 ground transportation service for an individual passenger, or a group of
39 passengers, that is arranged in advance or is operated on a regular route or
40 between specified points and includes ground transportation under a contract
41 or agreement for services that includes a fixed rate or time and is provided
42 in a motor vehicle with a seating capacity not exceeding fifteen passengers
43 including the driver.

1 ~~28-~~ 29. "Livery vehicle" means a motor vehicle that:
2 (a) Has a seating capacity not exceeding fifteen passengers including
3 the driver.
4 (b) Provides passenger services for a fare determined by a flat rate
5 or flat hourly rate between geographic zones or within a geographic area.
6 (c) Is available for hire on an exclusive or shared ride basis.
7 (d) May do any of the following:
8 (i) Operate on a regular route or between specified places.
9 (ii) Offer prearranged ground transportation service as defined in
10 section 28-141.
11 (iii) Offer on demand ground transportation service pursuant to a
12 contract with a public airport, licensed business entity or organization.
13 ~~29-~~ 30. "Local authority" means any county, municipal or other local
14 board or body exercising jurisdiction over highways under the constitution
15 and laws of this state.
16 ~~30-~~ 31. "Manufacturer" means a person engaged in the business of
17 manufacturing motor vehicles, trailers or semitrailers.
18 ~~31-~~ 32. "Moped" means a bicycle that is equipped with a helper motor
19 if the vehicle has a maximum piston displacement of fifty cubic centimeters
20 or less, a brake horsepower of one and one-half or less and a maximum speed
21 of twenty-five miles per hour or less on a flat surface with less than a one
22 ~~per-cent~~ PERCENT grade.
23 ~~32-~~ 33. "Motor driven cycle" means a motorcycle, including every
24 motor scooter, with a motor that produces not more than five horsepower.
25 ~~33-~~ 34. "Motor vehicle":
26 (a) Means either:
27 (i) A self-propelled vehicle.
28 (ii) For the purposes of the laws relating to the imposition of a tax
29 on motor vehicle fuel, a vehicle that is operated on the highways of this
30 state and that is propelled by the use of motor vehicle fuel.
31 (b) Does not include a motorized wheelchair, an electric personal
32 assistive mobility device or a motorized skateboard. For the purposes of
33 this subdivision:
34 (i) "Motorized skateboard" means a self-propelled device that has a
35 motor, a deck on which a person may ride and at least two tandem wheels in
36 contact with the ground.
37 (ii) "Motorized wheelchair" means a self-propelled wheelchair that is
38 used by a person for mobility.
39 ~~34-~~ 35. "Motor vehicle fuel" includes all products that are commonly
40 or commercially known or sold as gasoline, including casinghead gasoline,
41 natural gasoline and all flammable liquids, and that are composed of a
42 mixture of selected hydrocarbons expressly manufactured and blended for the
43 purpose of effectively and efficiently operating internal combustion engines.
44 Motor vehicle fuel does not include inflammable liquids that are specifically
45 manufactured for racing motor vehicles and that are distributed for and used

1 by racing motor vehicles at a racetrack, use fuel as defined in section
2 28-5601, aviation fuel, fuel for jet or turbine powered aircraft or the
3 mixture created at the interface of two different substances being
4 transported through a pipeline, commonly known as transmix.

5 ~~35-~~ 36. "Motorcycle" means a motor vehicle that has a seat or saddle
6 for the use of the rider and that is designed to travel on not more than
7 three wheels in contact with the ground but ~~excluding~~ EXCLUDES a tractor and
8 a moped.

9 ~~36-~~ 37. "Neighborhood electric vehicle" means a self-propelled
10 electrically powered motor vehicle to which all of the following apply:

11 (a) The vehicle is emission free.

12 (b) The vehicle has at least four wheels in contact with the ground.

13 (c) The vehicle complies with the definition and standards for low
14 speed vehicles set forth in federal motor vehicle safety standard 500 and 49
15 Code of Federal Regulations sections 571.3(b) and 571.500, respectively.

16 ~~37-~~ 38. "Nonresident" means a person who is not a resident of this
17 state as defined in section 28-2001.

18 ~~38-~~ 39. "Off-road recreational motor vehicle" means a motor vehicle
19 that is designed primarily for recreational nonhighway all-terrain travel and
20 that is not operated on a public highway. Off-road recreational motor
21 vehicle does not mean a motor vehicle used for construction, building trade,
22 mining or agricultural purposes.

23 ~~39-~~ 40. "Operator" means a person who drives a motor vehicle on a
24 highway, who is in actual physical control of a motor vehicle on a highway or
25 who is exercising control over or steering a vehicle being towed by a motor
26 vehicle.

27 ~~40-~~ 41. "Owner" means:

28 (a) A person who holds the legal title of a vehicle.

29 (b) If a vehicle is the subject of an agreement for the conditional
30 sale or lease with the right of purchase on performance of the conditions
31 stated in the agreement and with an immediate right of possession vested in
32 the conditional vendee or lessee, the conditional vendee or lessee.

33 (c) If a mortgagor of a vehicle is entitled to possession of the
34 vehicle, the mortgagor.

35 ~~41-~~ 42. "Pedestrian" means any person afoot. A person who uses an
36 electric personal assistive mobility device or a manual or motorized
37 wheelchair is considered a pedestrian unless the manual wheelchair qualifies
38 as a bicycle. For the purposes of this paragraph, "motorized wheelchair"
39 means a self-propelled wheelchair that is used by a person for mobility.

40 ~~42-~~ 43. "Power sweeper" means an implement, with or without motive
41 power, that is only incidentally operated or moved on a street or highway and
42 that is designed for the removal of debris, dirt, gravel, litter or sand
43 whether by broom, vacuum or regenerative air system from asphaltic concrete
44 or cement concrete surfaces, including parking lots, highways, streets and
45 warehouses, and a vehicle on which the implement is permanently mounted.

1 ~~43.~~ 44. "Public transit" means the transportation of passengers on
2 scheduled routes by means of a conveyance on an individual passenger
3 fare-paying basis excluding transportation by a ~~sight-seeing~~ SIGHTSEEING bus,
4 school bus or taxi or a vehicle not operated on a scheduled route basis.

5 ~~44.~~ 45. "Reconstructed vehicle" means a vehicle that has been
6 assembled or constructed largely by means of essential parts, new or used,
7 derived from vehicles or makes of vehicles of various names, models and types
8 or that, if originally otherwise constructed, has been materially altered by
9 the removal of essential parts or by the addition or substitution of
10 essential parts, new or used, derived from other vehicles or makes of
11 vehicles. For the purposes of this paragraph, "essential parts" means
12 integral and body parts, the removal, alteration or substitution of which
13 will tend to conceal the identity or substantially alter the appearance of
14 the vehicle.

15 ~~45.~~ 46. "Residence district" means the territory contiguous to and
16 including a highway not comprising a business district if the property on the
17 highway for a distance of three hundred feet or more is in the main improved
18 with residences or residences and buildings in use for business.

19 ~~46.~~ 47. "Right-of-way" when used within the context of the regulation
20 of the movement of traffic on a highway means the privilege of the immediate
21 use of the highway. Right-of-way when used within the context of the real
22 property on which transportation facilities and appurtenances to the
23 facilities are constructed or maintained means the lands or interest in lands
24 within the right-of-way boundaries.

25 ~~47.~~ 48. "School bus" means a motor vehicle that is designed for
26 carrying more than ten passengers and that is either:

27 (a) Owned by any public or governmental agency or other institution
28 and operated for the transportation of children to or from home or school on
29 a regularly scheduled basis.

30 (b) Privately owned and operated for compensation for the
31 transportation of children to or from home or school on a regularly scheduled
32 basis.

33 ~~48.~~ 49. "Semitrailer" means a vehicle that is with or without motive
34 power, other than a pole trailer, that is designed for carrying persons or
35 property and for being drawn by a motor vehicle and that is constructed so
36 that some part of its weight and that of its load rests on or is carried by
37 another vehicle. For the purposes of this paragraph, "pole trailer" has the
38 same meaning prescribed in section 28-601.

39 ~~49.~~ 50. "State" means a state of the United States and the District
40 of Columbia.

41 ~~50.~~ 51. "State highway" means a state route or portion of a state
42 route that is accepted and designated by the board as a state highway and
43 that is maintained by the state.

1 ~~51.~~ 52. "State route" means a right-of-way whether actually used as a
2 highway or not that is designated by the board as a location for the
3 construction of a state highway.

4 ~~52.~~ 53. "Street" or "highway" means the entire width between the
5 boundary lines of every way if a part of the way is open to the use of the
6 public for purposes of vehicular travel.

7 ~~53.~~ 54. "Taxi" means a motor vehicle that has a seating capacity not
8 exceeding fifteen passengers, including the driver, that is registered as a
9 taxi in this state or any other state, that provides passenger services and
10 that:

11 (a) Does not primarily operate on a regular route or between specified
12 places.

13 (b) Offers local transportation for a fare determined on the basis of
14 the distance traveled or prearranged ground transportation service as defined
15 in section 28-141 for a predetermined fare.

16 ~~54.~~ 55. "Traffic survival school" means a school that offers
17 educational sessions to drivers who are required to attend and successfully
18 complete educational sessions pursuant to this title that are designed to
19 improve the safety and habits of drivers and that are approved by the
20 department.

21 ~~55.~~ 56. "Trailer" means a vehicle that is with or without motive
22 power, other than a pole trailer, that is designed for carrying persons or
23 property and for being drawn by a motor vehicle and that is constructed so
24 that no part of its weight rests on the towing vehicle. A semitrailer
25 equipped with an auxiliary front axle commonly known as a dolly is deemed to
26 be a trailer. For the purposes of this paragraph, "pole trailer" has the same
27 meaning prescribed in section 28-601.

28 57. "TRANSPORTATION NETWORK COMPANY" HAS THE SAME MEANING PRESCRIBED
29 IN SECTION 41-2138.

30 58. "TRANSPORTATION NETWORK SERVICE" HAS THE SAME MEANING PRESCRIBED
31 IN SECTION 41-2138.

32 59. "TRANSPORTATION NETWORK COMPANY VEHICLE" HAS THE SAME MEANING
33 PRESCRIBED IN SECTION 41-2138.

34 ~~56.~~ 60. "Truck" means a motor vehicle designed or used primarily for
35 the carrying of property other than the effects of the driver or passengers
36 and includes a motor vehicle to which has been added a box, a platform or
37 other equipment for such carrying.

38 ~~57.~~ 61. "Truck tractor" means a motor vehicle that is designed and
39 used primarily for drawing other vehicles and that is not constructed to
40 carry a load other than a part of the weight of the vehicle and load drawn.

41 ~~58.~~ 62. "Vehicle" means a device in, on or by which a person or
42 property is or may be transported or drawn on a public highway, excluding
43 devices moved by human power or used exclusively on stationary rails or
44 tracks.

1 ~~59.~~ 63. "Vehicle transporter" means either:

2 (a) A truck tractor capable of carrying a load and drawing a
3 semitrailer.

4 (b) A truck tractor with a stinger-steered fifth wheel capable of
5 carrying a load and drawing a semitrailer or a truck tractor with a dolly
6 mounted fifth wheel that is securely fastened to the truck tractor at two or
7 more points and that is capable of carrying a load and drawing a semitrailer.

8 Sec. 3. Section 28-142, Arizona Revised Statutes, is amended to read:

9 ~~28-142.~~ Livery vehicle, taxi, transportation network company
10 vehicle, transportation network company and limousine
11 regulation; state preemption

12 The regulation and use of livery vehicles, taxis, TRANSPORTATION
13 NETWORK COMPANY VEHICLES, TRANSPORTATION NETWORK COMPANIES and limousines are
14 of statewide concern. Livery vehicles, taxis, TRANSPORTATION NETWORK COMPANY
15 VEHICLES and limousines and their use AND TRANSPORTATION NETWORK COMPANIES
16 that are regulated pursuant to this title are not subject to further
17 regulation by a county, city, town or other political subdivision of this
18 state, except that a public airport operator that operates a public airport
19 pursuant to section 28-8421, 28-8423 or 28-8424 or a public body operating a
20 public airport may establish the number of livery vehicles, taxis,
21 TRANSPORTATION NETWORK COMPANY VEHICLES, TRANSPORTATION NETWORK COMPANIES or
22 limousines that may conduct business at a public airport or may set
23 additional or more restrictive requirements for the conduct of that business
24 at a public airport.

25 Sec. 4. Section 28-2164, Arizona Revised Statutes, is amended to read:

26 ~~28-2164.~~ Reregistration on becoming liable for weight fee;
27 exceptions

28 A. On using or offering to use a registered vehicle for transportation
29 of passengers for compensation or on altering or reconstructing it for the
30 transportation of property, whether or not the weight fee has been paid, the
31 owner shall immediately:

32 1. Surrender to the department the certificate of title and
33 registration card to and the license plate assigned to the vehicle.

34 2. Apply for a corrected certificate of title.

35 3. Obtain a new registration, and an additional fee, other than the
36 weight fee, is not required.

37 B. SUBSECTION A OF THIS SECTION DOES NOT APPLY TO TRANSPORTATION
38 NETWORK COMPANIES, TRANSPORTATION NETWORK COMPANY DRIVERS OR TRANSPORTATION
39 NETWORK COMPANY VEHICLES.

40 Sec. 5. Section 28-4009, Arizona Revised Statutes, is amended to read:

41 ~~28-4009.~~ Motor vehicle liability policy requirements

42 A. An owner's motor vehicle liability policy shall comply with the
43 following:

44 1. The policy shall designate by explicit description or by
45 appropriate reference all motor vehicles for which coverage is granted. If

1 coverage is provided for a fleet of seven or more motor vehicles, the maximum
2 payable for any one accident is the limit of liability stated in the policy.
3 There is no accumulation of coverage for each separate vehicle covered.

4 2. The policy shall insure the person named in the policy as the
5 insured and any other person, as insured, using the motor vehicle or motor
6 vehicles with the express or implied permission of the named insured against
7 loss from the liability imposed by law for damages arising out of the
8 ownership, maintenance or use of the motor vehicle or motor vehicles within
9 the United States or the Dominion of Canada, subject to limits exclusive of
10 interest and costs, for each motor vehicle as follows:

11 (a) Fifteen thousand dollars because of bodily injury to or death of
12 one person in any one accident.

13 (b) Subject to the limit for one person, thirty thousand dollars
14 because of bodily injury to or death of two or more persons in any one
15 accident.

16 (c) Ten thousand dollars because of injury to or destruction of
17 property of others in any one accident.

18 3. By agreement in writing between a named insured and the insurer the
19 policy may exclude as insured a person or persons designated by name when
20 operating a motor vehicle. The written agreement between the named insured
21 and insurer is effective for each renewal of the policy by the insurer and
22 remains in effect until the insurer agrees in writing to provide coverage for
23 the person or persons who were previously excluded from coverage.

24 B. An operator's motor vehicle liability policy shall insure the
25 person named as insured in the policy against loss from the liability imposed
26 on the person by law for damages arising out of the use by the person of a
27 motor vehicle not owned by the person, within the same territorial limits and
28 subject to the same limits of liability provided in subsection A of this
29 section for an owner's motor vehicle liability policy.

30 C. A motor vehicle liability policy:

31 1. Shall state the name and address of the named insured, the coverage
32 afforded by the policy, the premium charged for the policy, the complete
33 vehicle identification number of all vehicles covered by the policy, the
34 policy period and the limits of liability.

35 2. Shall contain an agreement or be endorsed that insurance is
36 provided under the policy in accordance with the coverage defined in this
37 chapter for bodily injury and death or property damage, or both.

38 3. Is subject to all of the provisions of this chapter.

39 4. Is not required to insure liability either:

40 (a) Under any workers' compensation law.

41 (b) On account of bodily injury to or death of an employee of the
42 insured while engaged in the employment, other than domestic, of the insured
43 or while engaged in the operation, maintenance or repair of the motor
44 vehicle.

1 (c) For damage to property owned by, rented to, in charge of or
2 transported by the insured.

3 (d) For damage to property or bodily injury caused intentionally by or
4 at the direction of the insured.

5 (e) FROM AND AFTER FEBRUARY 29, 2016, FOR A PRIVATE PASSENGER MOTOR
6 VEHICLE USED WHILE A TRANSPORTATION NETWORK COMPANY DRIVER IS LOGGED IN TO A
7 TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE APPLICATION TO
8 BE A DRIVER OR IS PROVIDING TRANSPORTATION NETWORK SERVICES UNLESS EXPRESSLY
9 AUTHORIZED BY THE TERMS OF THE MOTOR VEHICLE LIABILITY INSURANCE POLICY OR AN
10 ENDORSEMENT OR AMENDMENT TO THE POLICY.

11 5. Is subject to the following provisions that are not required to be
12 in the policy:

13 (a) The liability of the insurance carrier with respect to the
14 insurance required by this chapter becomes absolute when injury or damage
15 covered by the motor vehicle liability policy occurs. The policy may not be
16 cancelled or annulled as to that liability by an agreement between the
17 insurance carrier and the insured after the occurrence of the injury or
18 damage, and a statement made by the insured or someone on the insured's
19 behalf or a violation of the policy shall not defeat or void the policy.

20 (b) The satisfaction by the insured of a judgment for the injury or
21 damage is not a condition precedent to the right or duty of the insurance
22 carrier to make payment on account of the injury or damage.

23 (c) The insurance carrier may settle any claim covered by the policy,
24 and if the settlement is made in good faith, the amount of the claim is
25 deductible from the limits of liability specified in subsection A, paragraph
26 2 of this section.

27 (d) The policy, the written application for the policy, if any, and
28 any rider or endorsement that does not conflict with this chapter constitute
29 the entire contract between the parties.

30 6. May provide that the insured shall reimburse the insurance carrier
31 for any payment the insurance carrier would not have been obligated to make
32 under the terms of the policy except for this chapter.

33 7. May provide for the prorating of the insurance under the policy
34 with other valid and collectible insurance.

35 D. A policy that grants the coverage required for a motor vehicle
36 liability policy may also grant lawful coverage in excess of or in addition
37 to the coverage specified for a motor vehicle liability policy, and the
38 excess or additional coverage is not subject to this chapter. With respect
39 to a policy that grants the excess or additional coverage, the term "motor
40 vehicle liability policy" applies only to that part of the coverage that is
41 required by this section.

42 E. The requirements for a motor vehicle liability policy may be
43 fulfilled by the policies of one or more insurance carriers that together
44 meet the requirements.

1 F. A binder issued pending the issuance of a motor vehicle liability
2 policy fulfills the requirements for the policy.

3 Sec. 6. Heading change

4 The article heading of title 28, chapter 9, article 2, Arizona Revised
5 Statutes, is changed from "MOTOR CARRIER FINANCIAL RESPONSIBILITY" to
6 "TRANSPORTATION FINANCIAL RESPONSIBILITY".

7 Sec. 7. Section 28-4033, Arizona Revised Statutes, is amended to read:
8 28-4033. Financial responsibility requirements

9 A. A person **THAT IS** subject to the requirements of this article shall
10 maintain motor vehicle combined single limit liability insurance as follows:

11 1. For the transportation of nonhazardous property:

12 (a) For a vehicle with a gross vehicle weight of more than twenty-six
13 thousand pounds, minimum coverage in the amount of seven hundred fifty
14 thousand dollars.

15 (b) For a vehicle with a gross vehicle weight of twenty thousand one
16 pounds to twenty-six thousand pounds, minimum coverage in the amount of three
17 hundred thousand dollars.

18 2. For the transportation of passengers:

19 (a) In a vehicle with a seating capacity of sixteen passengers or
20 more, minimum coverage in the amount of five million dollars and uninsured
21 motorist coverage in the amount of at least three hundred thousand dollars.

22 (b) In a vehicle with a seating capacity of less than sixteen
23 passengers including the driver, but more than eight passengers including the
24 driver, minimum coverage in the amount of seven hundred fifty thousand
25 dollars and uninsured motorist coverage in the amount of at least three
26 hundred thousand dollars.

27 (c) In a vehicle with a seating capacity of not more than eight
28 passengers including the driver, a policy containing **ONE OF THE FOLLOWING:**

29 (i) Minimum coverage in the amount of ~~three~~ **TWO** hundred **FIFTY** thousand
30 dollars and uninsured motorist coverage in the amount of at least ~~three~~ **TWO**
31 hundred **FIFTY** thousand dollars issued by an insurer that holds a valid
32 certificate of authority or that is permitted to transact surplus lines
33 insurance in this state.

34 (ii) **MINIMUM COVERAGE AS PRESCRIBED BY SECTION 28-4038 OR 28-4039, AS**
35 **APPLICABLE.**

36 3. For the transportation of hazardous materials, hazardous substances
37 or hazardous wastes:

38 (a) Minimum coverage in the amount of five million dollars for the
39 transportation of:

40 (i) Hazardous substances, as defined in 49 Code of Federal Regulations
41 part 171, transported in a cargo tank, portable tank or hopper-type vehicle
42 with capacities in excess of three thousand five hundred water gallons.

43 (ii) Any quantity of class A or B explosives.

44 (iii) Any quantity of poison gas (poison A).

1 (iv) Liquefied compressed gas or compressed gas transported in a cargo
2 tank, portable tank or hopper-type vehicle with capacities in excess of three
3 thousand five hundred water gallons.

4 (v) The quantity of radioactive materials that requires specialized
5 handling and transportation controls as indicated in 49 Code of Federal
6 Regulations part 173.

7 (b) Minimum coverage in the amount of one million dollars for the
8 transportation of the following:

9 (i) Any quantity of oil listed in 49 Code of Federal Regulations
10 part 172.

11 (ii) Any quantity of hazardous wastes, hazardous materials or
12 hazardous substances as defined and listed in 49 Code of Federal Regulations
13 part 171 and in 49 Code of Federal Regulations part 172 but not included in
14 subdivision (a) of this paragraph.

15 B. If a motor vehicle is leased or rented, the lessor shall ensure
16 that the lessee is covered under the lessor's liability insurance as provided
17 by this section or the lessor shall require that the lessee meet the
18 financial responsibility requirements of this section. In the case of taxis,
19 livery vehicles or limousines, a person who is listed on the department's
20 records as the owner shall comply with the financial responsibility
21 requirements of this article and article 4 of this chapter.

22 C. If a lessee uses the motor vehicle for a purpose that is required
23 under this section to have a higher amount of financial responsibility than
24 was required of the lessor or renter, the lessee shall maintain the higher
25 financial responsibility requirements of this section.

26 D. The uninsured motorist coverage required by this section is not
27 required until June 1, 1987 and may be provided by a self-insurance program
28 authorized under section 28-4007. A person who is under contract with this
29 state or a political subdivision of this state, who operates a motor vehicle
30 owned by this state or a political subdivision of this state and who is
31 included in the self-insurance program of this state or a political
32 subdivision of this state is exempt from the uninsured motorist requirements
33 of this section.

34 Sec. 8. Title 28, chapter 9, article 2, Arizona Revised Statutes, is
35 amended by adding sections 28-4038 and 28-4039, to read:

36 28-4038. Transportation network services; financial
37 responsibility requirements; survey

38 A. FOR A TRANSPORTATION NETWORK COMPANY THAT REQUIRES A TRANSPORTATION
39 NETWORK COMPANY DRIVER TO ACCEPT RIDES THAT ARE BOOKED AND PAID FOR
40 EXCLUSIVELY THROUGH THE TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR
41 SOFTWARE APPLICATION AND DURING THE TIME IN WHICH THE TRANSPORTATION NETWORK
42 COMPANY DRIVER IS LOGGED IN TO THE TRANSPORTATION NETWORK COMPANY'S DIGITAL
43 NETWORK OR SOFTWARE APPLICATION TO BE A DRIVER, BUT IS NOT IN THE ACT OF
44 PROVIDING TRANSPORTATION NETWORK SERVICES, THE FOLLOWING INSURANCE COVERAGE
45 SHALL BE MAINTAINED:

1 1. BEFORE MARCH 1, 2016, THE TRANSPORTATION NETWORK COMPANY DRIVER
2 SHALL MAINTAIN A MOTOR VEHICLE LIABILITY INSURANCE POLICY THAT MEETS AT LEAST
3 THE REQUIREMENTS OF SECTION 28-4009. A TRANSPORTATION NETWORK COMPANY SHALL
4 PROVIDE MOTOR VEHICLE LIABILITY INSURANCE COVERAGE IN THE AMOUNT OF
5 TWENTY-FIVE THOUSAND DOLLARS BECAUSE OF BODILY INJURY TO OR DEATH OF ONE
6 PERSON IN ANY ONE ACCIDENT, SUBJECT TO THE LIMIT FOR ONE PERSON, FIFTY
7 THOUSAND DOLLARS BECAUSE OF BODILY INJURY TO OR DEATH OF TWO OR MORE PERSONS
8 IN ANY ONE ACCIDENT AND TWENTY THOUSAND DOLLARS BECAUSE OF INJURY TO OR
9 DESTRUCTION OF PROPERTY OF OTHERS IN ANY ONE ACCIDENT COVERAGE IN THE EVENT A
10 TRANSPORTATION NETWORK COMPANY DRIVER'S POLICY EXCLUDES COVERAGE ACCORDING TO
11 THE POLICY'S TERMS.

12 2. FROM AND AFTER FEBRUARY 29, 2016, THE TRANSPORTATION NETWORK
13 COMPANY DRIVER OR THE TRANSPORTATION NETWORK COMPANY, OR BOTH, SHALL PROVIDE
14 PRIMARY MOTOR VEHICLE LIABILITY INSURANCE COVERAGE IN THE AMOUNT OF
15 TWENTY-FIVE THOUSAND DOLLARS BECAUSE OF BODILY INJURY TO OR DEATH OF ONE
16 PERSON IN ANY ONE ACCIDENT, SUBJECT TO THE LIMIT FOR ONE PERSON, FIFTY
17 THOUSAND DOLLARS BECAUSE OF BODILY INJURY TO OR DEATH OF TWO OR MORE PERSONS
18 IN ANY ONE ACCIDENT AND TWENTY THOUSAND DOLLARS BECAUSE OF INJURY TO OR
19 DESTRUCTION OF PROPERTY OF OTHERS IN ANY ONE ACCIDENT. COVERAGE SHALL BE
20 MAINTAINED THROUGH ANY OF THE FOLLOWING:

21 (a) A PRIVATE PASSENGER MOTOR VEHICLE POLICY MAINTAINED BY THE
22 TRANSPORTATION NETWORK COMPANY DRIVER THAT EXPRESSLY PROVIDES LIABILITY
23 COVERAGE WHILE THE DRIVER IS LOGGED IN TO THE TRANSPORTATION NETWORK
24 COMPANY'S DIGITAL NETWORK OR SOFTWARE APPLICATION TO BE A DRIVER.

25 (b) A MOTOR VEHICLE LIABILITY POLICY MAINTAINED BY THE TRANSPORTATION
26 NETWORK COMPANY.

27 (c) A COMMERCIAL MOTOR VEHICLE LIABILITY POLICY.

28 B. FOR A TRANSPORTATION NETWORK COMPANY THAT REQUIRES A TRANSPORTATION
29 NETWORK COMPANY DRIVER TO ACCEPT RIDES THAT ARE BOOKED AND PAID FOR
30 EXCLUSIVELY THROUGH THE TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR
31 SOFTWARE APPLICATION AND DURING THE TIME IN WHICH THE TRANSPORTATION NETWORK
32 COMPANY DRIVER IS PROVIDING TRANSPORTATION NETWORK SERVICES, THE
33 TRANSPORTATION NETWORK COMPANY DRIVER OR THE TRANSPORTATION NETWORK COMPANY,
34 OR BOTH, SHALL MAINTAIN THE FOLLOWING INSURANCE COVERAGES:

35 1. PRIMARY COMMERCIAL MOTOR VEHICLE LIABILITY INSURANCE THAT COVERS
36 THE TRANSPORTATION NETWORK COMPANY DRIVER'S PROVISION OF TRANSPORTATION
37 NETWORK SERVICES IN A MINIMUM AMOUNT OF TWO HUNDRED FIFTY THOUSAND DOLLARS
38 PER INCIDENT.

39 2. COMMERCIAL UNINSURED MOTORIST COVERAGE IN A MINIMUM AMOUNT OF TWO
40 HUNDRED FIFTY THOUSAND DOLLARS PER INCIDENT.

41 C. FOR A TRANSPORTATION NETWORK COMPANY THAT DOES NOT REQUIRE A
42 TRANSPORTATION NETWORK COMPANY DRIVER TO ACCEPT RIDES BOOKED AND PAID FOR
43 EXCLUSIVELY THROUGH A TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR
44 SOFTWARE APPLICATION AND DURING THE TIME IN WHICH THE TRANSPORTATION NETWORK
45 COMPANY DRIVER IS LOGGED IN TO THE TRANSPORTATION NETWORK COMPANY'S DIGITAL

1 NETWORK OR SOFTWARE APPLICATION TO BE A DRIVER, EITHER THE TRANSPORTATION
2 NETWORK COMPANY DRIVER OR THE TRANSPORTATION NETWORK COMPANY SHALL MAINTAIN
3 THE FOLLOWING INSURANCE COVERAGES:

4 1. DURING THE TIME IN WHICH THE DRIVER IS AVAILABLE TO PROVIDE
5 PASSENGER TRANSPORTATION, BUT HAS NOT ACCEPTED A RIDE REQUEST AND IS NOT IN
6 THE ACT OF PROVIDING PASSENGER TRANSPORTATION, PRIMARY COMMERCIAL MOTOR
7 VEHICLE LIABILITY INSURANCE COVERAGE IN THE AMOUNT OF TWENTY-FIVE THOUSAND
8 DOLLARS BECAUSE OF BODILY INJURY TO OR DEATH OF ANY ONE PERSON IN ANY ONE
9 ACCIDENT, SUBJECT TO THE LIMIT FOR ONE PERSON, FIFTY THOUSAND DOLLARS BECAUSE
10 OF BODILY INJURY TO OR DEATH OF TWO OR MORE PERSONS IN ANY ONE ACCIDENT AND
11 TWENTY THOUSAND DOLLARS BECAUSE OF INJURY TO OR DESTRUCTION OF PROPERTY OF
12 OTHERS IN ANY ONE ACCIDENT.

13 2. AFTER THE DRIVER HAS ACCEPTED A RIDE REQUEST THROUGH ANY
14 COMMUNICATION, INCLUDING A STREET HAIL, AND DURING THE TIME IN WHICH THE
15 DRIVER IS PROVIDING PASSENGER TRANSPORTATION:

16 (a) PRIMARY COMMERCIAL MOTOR VEHICLE LIABILITY INSURANCE IN A MINIMUM
17 AMOUNT OF TWO HUNDRED FIFTY THOUSAND DOLLARS PER INCIDENT.

18 (b) COMMERCIAL UNINSURED MOTORIST COVERAGE IN A MINIMUM AMOUNT OF TWO
19 HUNDRED FIFTY THOUSAND DOLLARS PER INCIDENT.

20 D. FROM AND AFTER FEBRUARY 29, 2016, UNLESS AN INSURANCE POLICY
21 EXPRESSLY PROVIDES COVERAGE OR CONTAINS AN AMENDMENT OR ENDORSEMENT THAT
22 EXPRESSLY PROVIDES COVERAGE, THE TRANSPORTATION NETWORK COMPANY DRIVER'S
23 INSURANCE POLICY AND THE MOTOR VEHICLE OWNER'S PERSONAL MOTOR VEHICLE
24 INSURANCE POLICY SHALL NOT BE REQUIRED TO PROVIDE COVERAGE FOR THE
25 TRANSPORTATION NETWORK COMPANY VEHICLE, THE TRANSPORTATION NETWORK COMPANY
26 DRIVER, THE MOTOR VEHICLE OWNER OR ANY THIRD PARTY WHILE A TRANSPORTATION
27 NETWORK COMPANY DRIVER IS LOGGED IN TO A TRANSPORTATION NETWORK COMPANY'S
28 DIGITAL NETWORK OR SOFTWARE APPLICATION TO BE A DRIVER OR IS PROVIDING
29 TRANSPORTATION NETWORK SERVICES.

30 E. NOTWITHSTANDING SUBSECTION D OF THIS SECTION, AN INSURER MAY OFFER,
31 FOR THE PERIOD DURING WHICH A TRANSPORTATION NETWORK COMPANY DRIVER IS LOGGED
32 IN TO A TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE
33 APPLICATION TO BE A DRIVER OR IS PROVIDING TRANSPORTATION NETWORK SERVICES,
34 ONE OF THE FOLLOWING:

35 1. A MOTOR VEHICLE LIABILITY INSURANCE POLICY EXPRESSLY PROVIDING SUCH
36 COVERAGE.

37 2. AN AMENDMENT OR ENDORSEMENT TO AN EXISTING MOTOR VEHICLE LIABILITY
38 INSURANCE POLICY SPECIFICALLY PROVIDING SUCH COVERAGE.

39 F. AN INSURANCE POLICY REQUIRED BY THIS SECTION IS DEEMED TO SATISFY
40 THE FINANCIAL RESPONSIBILITY REQUIREMENTS FOR A MOTOR VEHICLE INSURANCE
41 POLICY UNDER THIS TITLE.

42 G. A TRANSPORTATION NETWORK COMPANY DRIVER SHALL CARRY PROOF OF
43 INSURANCE IN THE TRANSPORTATION NETWORK COMPANY VEHICLE AT ALL TIMES WHILE
44 LOGGED IN TO A TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE
45 APPLICATION TO BE A DRIVER OR IS PROVIDING TRANSPORTATION NETWORK SERVICES.

1 IF AN ACCIDENT OCCURS INVOLVING A TRANSPORTATION NETWORK COMPANY VEHICLE, THE
2 TRANSPORTATION NETWORK COMPANY DRIVER SHALL PROVIDE PROOF OF INSURANCE TO THE
3 PARTIES INVOLVED IN THE ACCIDENT AT THE TIME OF THE ACCIDENT. THE
4 TRANSPORTATION NETWORK COMPANY DRIVER SHALL ALSO NOTIFY THE TRANSPORTATION
5 NETWORK COMPANY OF THE ACCIDENT.

6 H. IN A CLAIMS COVERAGE INVESTIGATION, TRANSPORTATION NETWORK
7 COMPANIES AND ANY INSURER PROVIDING COVERAGE AS PRESCRIBED IN THIS SECTION
8 SHALL FULLY COOPERATE IN THE EXCHANGE OF INFORMATION, INCLUDING THE PRECISE
9 TIMES THAT A TRANSPORTATION NETWORK COMPANY DRIVER LOGGED ON AND OFF OF THE
10 TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE APPLICATION IN
11 THE TWENTY-FOUR-HOUR PERIOD IMMEDIATELY PRECEDING THE ACCIDENT, AND SHALL
12 DISCLOSE TO EACH OTHER A CLEAR DESCRIPTION OF THE COVERAGE, EXCLUSIONS AND
13 LIMITS PROVIDED UNDER ANY INSURANCE POLICY EACH PARTY ISSUED OR MAINTAINED.

14 I. FROM AND AFTER FEBRUARY 29, 2016, THIS SECTION AND SECTION 28-4009
15 DO NOT CREATE AN OBLIGATION FOR AN INSURER THAT ISSUES COVERAGE TO WHICH
16 SECTION 20-1631 APPLIES TO OFFER, PROVIDE OR ISSUE A MOTOR VEHICLE LIABILITY
17 INSURANCE POLICY OR AN ENDORSEMENT OR AMENDMENT THAT INCLUDES COVERAGE FOR
18 ANY LIABILITY ARISING WHILE A TRANSPORTATION NETWORK COMPANY DRIVER IS LOGGED
19 IN TO THE TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE
20 APPLICATION TO BE A DRIVER OR IS PROVIDING TRANSPORTATION NETWORK SERVICES.

21 J. AN INSURANCE POLICY REQUIRED BY THIS SECTION MAY BE PLACED WITH AN
22 INSURER AUTHORIZED TO TRANSACT INSURANCE IN THIS STATE PURSUANT TO TITLE 20,
23 CHAPTER 2, ARTICLE 1 OR A SURPLUS LINES INSURER PURSUANT TO TITLE 20, CHAPTER
24 2, ARTICLE 5.

25 K. THE DEPARTMENT OF INSURANCE, AS PART OF ITS ANNUAL SURVEY OF
26 INSURANCE COMPANIES, MAY REQUEST INFORMATION FROM ANY PROPERTY AND CASUALTY
27 INSURER AUTHORIZED TO WRITE PRIVATE PASSENGER MOTOR VEHICLE COVERAGE IN THIS
28 STATE, INCLUDING INFORMATION REGARDING:

29 1. WHETHER THE INSURER OFFERS FOR PURCHASE A POLICY OR AN ENDORSEMENT
30 OR AMENDMENT THAT COVERS TRANSPORTATION NETWORK COMPANY DRIVERS WHILE THE
31 DRIVER IS LOGGED IN TO A TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR
32 SOFTWARE APPLICATION TO BE A DRIVER OR IS PROVIDING TRANSPORTATION NETWORK
33 SERVICES.

34 2. THE NUMBER OF THOSE POLICIES, ENDORSEMENTS OR AMENDMENTS THAT HAVE
35 BEEN PURCHASED DURING THE REPORTING PERIOD.

36 3. THE NUMBER OF THOSE POLICIES, ENDORSEMENTS OR AMENDMENTS THAT HAVE
37 BEEN CANCELED DURING THE REPORTING PERIOD.

38 28-4039. Taxi, livery vehicle or limousine; financial
39 responsibility

40 A. MOTOR VEHICLE LIABILITY INSURANCE FOR A TAXI, LIVERY VEHICLE OR
41 LIMOUSINE MAY BE MAINTAINED AS FOLLOWS:

42 1. DURING THE TIME IN WHICH THE TAXI, LIVERY VEHICLE OR LIMOUSINE
43 DRIVER IS AVAILABLE TO PROVIDE PASSENGER TRANSPORTATION, BUT HAS NOT ACCEPTED
44 A RIDE REQUEST AND IS NOT IN THE ACT OF PROVIDING PASSENGER TRANSPORTATION,
45 PRIMARY COMMERCIAL MOTOR VEHICLE LIABILITY INSURANCE COVERAGE IN THE AMOUNT

1 OF TWENTY-FIVE THOUSAND DOLLARS BECAUSE OF BODILY INJURY TO OR DEATH OF ANY
2 ONE PERSON IN ANY ONE ACCIDENT, SUBJECT TO THE LIMIT FOR ONE PERSON, FIFTY
3 THOUSAND DOLLARS BECAUSE OF BODILY INJURY TO OR DEATH OF TWO OR MORE PERSONS
4 IN ANY ONE ACCIDENT AND TWENTY THOUSAND DOLLARS BECAUSE OF INJURY TO OR
5 DESTRUCTION OF PROPERTY OF OTHERS IN ANY ONE ACCIDENT. THIS POLICY MAY BE
6 MAINTAINED BY EITHER THE DRIVER OR THE COMPANY.

7 2. AFTER THE TAXI, LIVERY VEHICLE OR LIMOUSINE DRIVER HAS ACCEPTED A
8 RIDE REQUEST THROUGH ANY COMMUNICATION AND DURING THE TIME IN WHICH THE TAXI,
9 LIVERY VEHICLE OR LIMOUSINE DRIVER IS PROVIDING PASSENGER TRANSPORTATION, THE
10 TAXI, LIVERY VEHICLE OR LIMOUSINE DRIVER OR THE TAXI, LIVERY VEHICLE OR
11 LIMOUSINE COMPANY SHALL MAINTAIN THE FOLLOWING INSURANCE COVERAGE:

12 (a) PRIMARY COMMERCIAL MOTOR VEHICLE LIABILITY INSURANCE IN A MINIMUM
13 AMOUNT OF TWO HUNDRED FIFTY THOUSAND DOLLARS PER INCIDENT.

14 (b) COMMERCIAL UNINSURED MOTORIST COVERAGE IN A MINIMUM AMOUNT OF TWO
15 HUNDRED FIFTY THOUSAND DOLLARS PER INCIDENT.

16 B. A TAXI, LIVERY VEHICLE OR LIMOUSINE DRIVER SHALL CARRY PROOF OF
17 INSURANCE IN THE VEHICLE AT ALL TIMES WHILE PROVIDING TRANSPORTATION
18 SERVICES. IF AN ACCIDENT OCCURS INVOLVING A TAXI, LIVERY VEHICLE OR
19 LIMOUSINE, THE TAXI, LIVERY VEHICLE OR LIMOUSINE DRIVER SHALL PROVIDE PROOF
20 OF INSURANCE TO THE PARTIES INVOLVED IN THE ACCIDENT AT THE TIME OF THE
21 ACCIDENT. THE TAXI, LIVERY VEHICLE OR LIMOUSINE DRIVER SHALL ALSO NOTIFY THE
22 TAXI, LIVERY VEHICLE OR LIMOUSINE COMPANY OF THE ACCIDENT.

23 C. IN A CLAIMS COVERAGE INVESTIGATION, A TAXI, LIVERY VEHICLE OR
24 LIMOUSINE COMPANY AND ANY INSURER PROVIDING COVERAGE AS PRESCRIBED IN THIS
25 SECTION SHALL FULLY COOPERATE IN THE EXCHANGE OF INFORMATION AND SHALL
26 DISCLOSE TO EACH OTHER A CLEAR DESCRIPTION OF THE COVERAGE, EXCLUSIONS AND
27 LIMITS PROVIDED UNDER ANY INSURANCE POLICY THAT EACH PARTY ISSUED OR
28 MAINTAINED.

29 Sec. 9. Section 41-2052, Arizona Revised Statutes, is amended to read:

30 41-2052. Livery vehicle, taxi, transportation network company
31 vehicle, transportation network company and
32 limousine regulation; state preemption; definitions

33 A. The regulation and use of livery vehicles, taxis, TRANSPORTATION
34 NETWORK COMPANY VEHICLES, TRANSPORTATION NETWORK COMPANIES and limousines are
35 of statewide concern. Livery vehicles, taxis, ~~and~~ limousines AND
36 TRANSPORTATION NETWORK COMPANY VEHICLES and their use AND TRANSPORTATION
37 NETWORK COMPANIES that are regulated pursuant to this title are not subject
38 to further regulation by a county, city, town or other political subdivision
39 of this state, except that a public airport operator that operates a public
40 airport pursuant to section 28-8421, 28-8423 or 28-8424 or a public body
41 operating a public airport may establish the number of livery vehicles,
42 taxis, TRANSPORTATION NETWORK COMPANY VEHICLES, TRANSPORTATION NETWORK
43 COMPANIES or limousines that may conduct business at ~~a~~ THE public airport or
44 may set additional or more restrictive requirements for the conduct of that
45 business at ~~a~~ THE public airport.

1 B. FOR THE PURPOSES OF THIS SECTION, "TRANSPORTATION NETWORK COMPANY"
2 AND "TRANSPORTATION NETWORK COMPANY VEHICLE" HAVE THE SAME MEANINGS
3 PRESCRIBED IN SECTION 41-2138.

4 Sec. 10. Section 41-2097, Arizona Revised Statutes, is amended to
5 read:

6 41-2097. Livery vehicles, taxis and limousines; criminal
7 background checks; vehicle safety records;
8 zero-tolerance policy; drug and alcohol use by
9 driver

10 A. An owner of a livery vehicle, taxi or limousine licensed through
11 the department shall have available for inspection at all times by the
12 department written evidence of a criminal background check ~~and drug testing~~
13 ~~records~~ CONDUCTED ~~of~~ FOR any driver operating a livery vehicle, taxi or
14 limousine for the owner, whether as an employee or lessee. The criminal
15 background check ~~and preemployment drug testing~~ shall be completed before the
16 driver is engaged as an employee or lessee, ~~and random drug testing shall be~~
17 ~~completed annually for the driver, whether as an employee or lessee. Drug~~
18 ~~testing records shall include preemployment drug testing results and random~~
19 ~~annual drug testing results for the driver, whether as an employee or lessee.~~

20 B. An owner of a livery vehicle, taxi or limousine licensed through
21 the department shall ~~have available for inspection at all times by the~~
22 ~~department all vehicle maintenance records of all the owner's livery~~
23 ~~vehicles, taxis or limousines. At a minimum, the vehicle maintenance records~~
24 ~~shall include information of a routine brake and tire inspection that is~~
25 ~~performed by a qualified or professional motor vehicle mechanic. Such~~
26 ~~maintenance records shall be updated at least annually.~~ REQUIRE THAT ALL OF
27 THE OWNER'S TAXIS, LIVERY VEHICLES OR LIMOUSINES USED TO PROVIDE PASSENGER
28 TRANSPORTATION MEET STATE VEHICLE SAFETY AND EMISSIONS STANDARDS FOR PRIVATE
29 VEHICLES AND SHALL REQUIRE THE TAXIS, LIVERY VEHICLES OR LIMOUSINES TO HAVE,
30 AT A MINIMUM, AN ANNUAL BRAKE AND TIRE INSPECTION THAT IS PERFORMED BY A
31 QUALIFIED PARTY. THE OWNER SHALL MAINTAIN VEHICLE SAFETY AND EMISSIONS
32 INSPECTION RECORDS FOR AT LEAST TWO YEARS AND MAKE THE RECORDS AVAILABLE TO
33 THE DEPARTMENT ON REQUEST.

34 C. AN OWNER OF A TAXI, LIVERY VEHICLE OR LIMOUSINE SHALL IMPLEMENT A
35 ZERO-TOLERANCE POLICY ON THE USE OF DRUGS AND ALCOHOL WHILE A TAXI, LIVERY
36 VEHICLE OR LIMOUSINE DRIVER IS PROVIDING PASSENGER TRANSPORTATION OR IS
37 AVAILABLE TO PROVIDE PASSENGER TRANSPORTATION. THE OWNER OF A TAXI, LIVERY
38 VEHICLE OR LIMOUSINE SHALL PROVIDE NOTICE OF THIS POLICY ON ITS WEBSITE OR IN
39 THE TAXI, LIVERY VEHICLE OR LIMOUSINE, INCLUDING PROCEDURES TO FILE A
40 COMPLAINT ABOUT A DRIVER WITH WHOM A PASSENGER WAS MATCHED AND WHO THE
41 PASSENGER REASONABLY SUSPECTS WAS UNDER THE INFLUENCE OF DRUGS OR ALCOHOL
42 DURING THE COURSE OF THE PASSENGER TRANSPORTATION.

43 D. ON RECEIPT OF A PASSENGER COMPLAINT ALLEGING A VIOLATION OF THE
44 ZERO-TOLERANCE POLICY, THE OWNER OF THE TAXI, LIVERY VEHICLE OR LIMOUSINE
45 SHALL DO BOTH OF THE FOLLOWING:

1 1. IMMEDIATELY SUSPEND THE TAXI, LIVERY VEHICLE OR LIMOUSINE DRIVER'S
2 ACCESS TO THE OWNER'S TAXI, LIVERY VEHICLE OR LIMOUSINE.

3 2. CONDUCT AN INVESTIGATION INTO THE FILED COMPLAINT. THE SUSPENSION
4 SHALL LAST THE DURATION OF THE INVESTIGATION.

5 E. IF THE TAXI, LIVERY VEHICLE OR LIMOUSINE OWNER'S INVESTIGATION
6 CONFIRMS THAT THE DRIVER HAS VIOLATED THE POLICY REQUIRED BY SUBSECTION C OF
7 THIS SECTION, THE OWNER SHALL PERMANENTLY PROHIBIT THE DRIVER'S ACCESS TO THE
8 OWNER'S TAXI, LIVERY VEHICLE OR LIMOUSINE. THE OWNER OF A TAXI, LIVERY
9 VEHICLE OR LIMOUSINE SHALL MAINTAIN ENFORCEMENT RECORDS FOR AT LEAST TWO
10 YEARS AFTER THE DATE A PASSENGER COMPLAINT IS RECEIVED BY THE OWNER AND MAKE
11 THE RECORDS AVAILABLE TO THE DEPARTMENT ON REQUEST.

12 Sec. 11. Title 41, chapter 15, Arizona Revised Statutes, is amended by
13 adding article 8, to read:

14 ARTICLE 8. TRANSPORTATION NETWORK COMPANIES

15 41-2138. Definitions

16 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

17 1. "DIGITAL NETWORK OR SOFTWARE APPLICATION" MEANS ANY ONLINE-ENABLED
18 APPLICATION, SOFTWARE, WEBSITE OR SYSTEM THAT IS OFFERED OR USED BY A
19 TRANSPORTATION NETWORK COMPANY AND THAT ENABLES A POTENTIAL PASSENGER TO
20 ARRANGE A RIDE WITH A TRANSPORTATION NETWORK COMPANY DRIVER.

21 2. "LIMOUSINE" MEANS A MOTOR VEHICLE PROVIDING PREARRANGED GROUND
22 TRANSPORTATION SERVICE FOR AN INDIVIDUAL PASSENGER, OR A GROUP OF PASSENGERS,
23 THAT IS ARRANGED IN ADVANCE OR IS OPERATED ON A REGULAR ROUTE OR BETWEEN
24 SPECIFIED POINTS AND INCLUDES GROUND TRANSPORTATION UNDER A CONTRACT OR
25 AGREEMENT FOR SERVICES THAT INCLUDES A FIXED RATE OR TIME AND IS PROVIDED IN
26 A MOTOR VEHICLE WITH A SEATING CAPACITY NOT EXCEEDING FIFTEEN PASSENGERS,
27 INCLUDING THE DRIVER.

28 3. "LIVERY VEHICLE" MEANS A MOTOR VEHICLE THAT:

29 (a) HAS A SEATING CAPACITY NOT EXCEEDING FIFTEEN PASSENGERS, INCLUDING
30 THE DRIVER.

31 (b) PROVIDES PASSENGER SERVICES FOR A FARE DETERMINED BY A FLAT RATE
32 OR FLAT HOURLY RATE BETWEEN GEOGRAPHIC ZONES OR WITHIN A GEOGRAPHIC AREA.

33 (c) IS AVAILABLE FOR HIRE ON AN EXCLUSIVE OR SHARED-RIDE BASIS.

34 (d) MAY DO ANY OF THE FOLLOWING:

35 (i) OPERATE ON A REGULAR ROUTE OR BETWEEN SPECIFIED PLACES.

36 (ii) OFFER PREARRANGED GROUND TRANSPORTATION SERVICE AS DEFINED IN
37 SECTION 28-141.

38 (iii) OFFER ON DEMAND GROUND TRANSPORTATION SERVICE PURSUANT TO A
39 CONTRACT WITH A PUBLIC AIRPORT, LICENSED BUSINESS ENTITY OR ORGANIZATION.

40 4. "PERSON" MEANS BOTH THE PLURAL AND THE SINGULAR, AS THE CASE
41 DEMANDS, AND INCLUDES INDIVIDUALS, PARTNERSHIPS, CORPORATIONS, COMPANIES,
42 SOCIETIES AND ASSOCIATIONS.

43 5. "TAXI" MEANS A MOTOR VEHICLE THAT HAS A SEATING CAPACITY NOT
44 EXCEEDING FIFTEEN PASSENGERS, INCLUDING THE DRIVER, THAT IS REGISTERED AS A

1 TAXI IN THIS STATE OR ANY OTHER STATE, THAT PROVIDES PASSENGER SERVICES AND
2 THAT:

3 (a) DOES NOT PRIMARILY OPERATE ON A REGULAR ROUTE OR BETWEEN SPECIFIED
4 PLACES.

5 (b) OFFERS LOCAL TRANSPORTATION FOR A FARE DETERMINED ON THE BASIS OF
6 THE DISTANCE TRAVELED OR PREARRANGED GROUND TRANSPORTATION SERVICE AS DEFINED
7 IN SECTION 28-141 FOR A PREDETERMINED FARE.

8 6. "TRADE DRESS" MEANS A REMOVABLE AND DISTINCT LOGO, INSIGNIA OR
9 EMBLEM ATTACHED TO OR VISIBLE FROM THE EXTERIOR OF A TRANSPORTATION NETWORK
10 COMPANY VEHICLE DURING THE PERFORMANCE OF TRANSPORTATION NETWORK SERVICES.

11 7. "TRANSPORTATION NETWORK COMPANY" MEANS AN ENTITY THAT HAS BEEN
12 ISSUED A PERMIT PURSUANT TO THIS ARTICLE, THAT OPERATES IN THIS STATE, THAT
13 USES A DIGITAL NETWORK OR SOFTWARE APPLICATION TO CONNECT PASSENGERS TO
14 TRANSPORTATION NETWORK SERVICES PROVIDED BY TRANSPORTATION NETWORK COMPANY
15 DRIVERS AND THAT MAY BUT IS NOT DEEMED TO OWN, OPERATE OR CONTROL A PERSONAL
16 MOTOR VEHICLE OF A TRANSPORTATION NETWORK COMPANY DRIVER. TRANSPORTATION
17 NETWORK COMPANY DOES NOT INCLUDE THE FOLLOWING:

18 (a) THIS STATE OR A COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION OF
19 THIS STATE AND ANY RELATED ENTITY, A NONPROFIT AGENCY OR ANY OTHER PUBLIC
20 BODY THAT COORDINATES, OPERATES, PROMOTES OR SPONSORS PUBLIC TRANSPORTATION,
21 CARPOOL OR VANPOOL SERVICES.

22 (b) A PROGRAM THAT IS IN PLACE TO MEET FEDERAL AIR QUALITY STANDARDS
23 PURSUANT TO SECTION 49-404.

24 (c) ANY INDIVIDUAL, COMPANY OR ACTIVITY THAT MEETS THE REQUIREMENTS OF
25 A RENTAL CAR AGENT OR RENTAL COMPANY AS DEFINED IN SECTION 20-331 IF ALL OF
26 THE FOLLOWING APPLY:

27 (i) TRANSPORTATION IS PROVIDED TO ANOTHER PERSON OR IS ARRANGED BY THE
28 RENTAL COMPANY BUT PROVIDED BY ANOTHER PERSON.

29 (ii) THE ROUTE IS PREDETERMINED.

30 (iii) ANY MONEY EXCHANGED BETWEEN THE PROVIDER OF THE TRANSPORTATION
31 AND THE RECIPIENT DOES NOT EXCEED THE COST OF PROVIDING THE TRANSPORTATION.

32 8. "TRANSPORTATION NETWORK COMPANY DRIVER" MEANS AN INDIVIDUAL WHO
33 RECEIVES CONNECTIONS TO POTENTIAL PASSENGERS AND RELATED SERVICES FROM A
34 TRANSPORTATION NETWORK COMPANY IN EXCHANGE FOR PAYMENT OF A FEE TO THE
35 TRANSPORTATION NETWORK COMPANY AND WHO OPERATES A MOTOR VEHICLE THAT IS BOTH
36 OF THE FOLLOWING:

37 (a) OWNED, LEASED OR OTHERWISE AUTHORIZED FOR USE BY THE INDIVIDUAL.

38 (b) USED TO PROVIDE TRANSPORTATION NETWORK SERVICES.

39 9. "TRANSPORTATION NETWORK COMPANY VEHICLE" MEANS A MOTOR VEHICLE THAT
40 MEETS ALL OF THE FOLLOWING:

41 (a) HAS A SEATING CAPACITY NOT EXCEEDING EIGHT PASSENGERS, INCLUDING
42 THE DRIVER.

43 (b) IS AUTHORIZED BY A TRANSPORTATION NETWORK COMPANY.

44 (c) IS USED BY A TRANSPORTATION NETWORK COMPANY DRIVER TO PROVIDE
45 TRANSPORTATION NETWORK SERVICES.

1 10. "TRANSPORTATION NETWORK SERVICES" MEANS THE TRANSPORTATION OF A
2 PASSENGER BETWEEN POINTS CHOSEN BY THE PASSENGER AND ARRANGED WITH A
3 TRANSPORTATION NETWORK COMPANY DRIVER THROUGH THE USE OF A TRANSPORTATION
4 NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE APPLICATION BEGINNING WHEN A
5 TRANSPORTATION NETWORK COMPANY DRIVER ACCEPTS A REQUEST FOR TRANSPORTATION
6 NETWORK SERVICES RECEIVED THROUGH THE TRANSPORTATION NETWORK COMPANY'S
7 DIGITAL NETWORK OR SOFTWARE APPLICATION, CONTINUING WHILE THE TRANSPORTATION
8 NETWORK COMPANY DRIVER PROVIDES TRANSPORTATION NETWORK SERVICES IN A
9 TRANSPORTATION NETWORK COMPANY VEHICLE AND ENDING WHEN THE PASSENGER EXITS
10 THE TRANSPORTATION NETWORK COMPANY VEHICLE OR WHEN THE TRIP IS CANCELED.

11 41-2139. Transportation network companies; permit; fee; agent;
12 trade dress

13 A. A PERSON MAY NOT ACT AS A TRANSPORTATION NETWORK COMPANY DRIVER IN
14 THIS STATE UNLESS THE TRANSPORTATION NETWORK COMPANY HAS BEEN ISSUED A PERMIT
15 BY THE DEPARTMENT. THE PERSON MAY APPLY TO THE DEPARTMENT ON FORMS
16 PRESCRIBED BY THE DEPARTMENT. THE DEPARTMENT SHALL CHARGE AND COLLECT AN
17 APPLICATION FEE AS DETERMINED BY THE DIRECTOR.

18 B. THE DEPARTMENT SHALL ISSUE A PERMIT TO AN APPLICANT THAT MEETS THE
19 REQUIREMENTS OF THIS ARTICLE.

20 C. A TRANSPORTATION NETWORK COMPANY SHALL MAINTAIN AN AGENT FOR
21 SERVICE OF PROCESS IN THIS STATE.

22 D. A TRANSPORTATION NETWORK COMPANY VEHICLE SHALL DISPLAY TRADE DRESS
23 WHILE BEING USED TO PROVIDE TRANSPORTATION NETWORK SERVICES. THE TRADE DRESS
24 SHALL IDENTIFY THE TRANSPORTATION NETWORK COMPANY VEHICLE WITH A PARTICULAR
25 TRANSPORTATION NETWORK COMPANY. THE TRANSPORTATION NETWORK COMPANY SHALL
26 FILE AN ILLUSTRATION OF THE TRADE DRESS WITH THE DEPARTMENT.

27 E. A TRANSPORTATION NETWORK COMPANY SHALL BE REGULATED PURSUANT TO
28 THIS ARTICLE AND NOT AS A TAXI, LIVERY VEHICLE OR LIMOUSINE SERVICE.

29 41-2139.01. Transportation network services; fares; driver
30 identification; electronic receipt

31 A. ON BEHALF OF A TRANSPORTATION NETWORK COMPANY DRIVER, A
32 TRANSPORTATION NETWORK COMPANY MAY CHARGE A FARE FOR TRANSPORTATION NETWORK
33 SERVICES PROVIDED TO PASSENGERS. IF A FARE IS CHARGED THROUGH A DIGITAL
34 NETWORK OR SOFTWARE APPLICATION, THE TRANSPORTATION NETWORK COMPANY SHALL
35 DISCLOSE TO PASSENGERS THE FARE CALCULATION METHOD ON ITS WEBSITE OR WITHIN
36 THE DIGITAL NETWORK OR SOFTWARE APPLICATION.

37 B. THE TRANSPORTATION NETWORK COMPANY SHALL PROVIDE PASSENGERS WITH
38 THE APPLICABLE RATES BEING CHARGED THROUGH A DIGITAL NETWORK OR SOFTWARE
39 APPLICATION AND THE OPTION TO RECEIVE AN ESTIMATED FARE BEFORE THE PASSENGER
40 ENTERS THE TRANSPORTATION NETWORK COMPANY VEHICLE.

41 C. BEFORE THE PASSENGER ENTERS THE TRANSPORTATION NETWORK COMPANY
42 VEHICLE THROUGH THE TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR
43 SOFTWARE APPLICATION, THE DIGITAL NETWORK OR SOFTWARE APPLICATION SHALL
44 DISPLAY A PICTURE OF THE TRANSPORTATION NETWORK COMPANY DRIVER AND THE

1 LICENSE PLATE NUMBER OF THE MOTOR VEHICLE USED FOR PROVIDING THE
2 TRANSPORTATION NETWORK SERVICE.

3 D. WITHIN A REASONABLE PERIOD OF TIME FOLLOWING THE COMPLETION OF A
4 TRIP ARRANGED THROUGH A DIGITAL NETWORK OR SOFTWARE APPLICATION, THE
5 TRANSPORTATION NETWORK COMPANY SHALL TRANSMIT TO THE PASSENGER AN ELECTRONIC
6 RECEIPT THAT LISTS ALL OF THE FOLLOWING:

- 7 1. THE ORIGIN AND DESTINATION OF THE TRIP.
- 8 2. THE TOTAL TIME AND DISTANCE OF THE TRIP.
- 9 3. AN ITEMIZATION OF THE TOTAL FARE PAID, IF ANY.

10 41-2139.02. Zero-tolerance policy: drug and alcohol use by
11 driver

12 A. A TRANSPORTATION NETWORK COMPANY SHALL IMPLEMENT A ZERO-TOLERANCE
13 POLICY ON THE USE OF DRUGS AND ALCOHOL WHILE A TRANSPORTATION NETWORK COMPANY
14 DRIVER IS PROVIDING TRANSPORTATION NETWORK SERVICES OR IS LOGGED IN TO THE
15 DIGITAL NETWORK OR SOFTWARE APPLICATION BUT IS NOT PROVIDING TRANSPORTATION
16 NETWORK SERVICES. THE TRANSPORTATION NETWORK COMPANY SHALL PROVIDE NOTICE OF
17 THIS POLICY ON ITS WEBSITE, INCLUDING PROCEDURES TO FILE A COMPLAINT ABOUT A
18 TRANSPORTATION NETWORK COMPANY DRIVER WITH WHOM A PASSENGER WAS MATCHED AND
19 WHO THE PASSENGER REASONABLY SUSPECTS WAS UNDER THE INFLUENCE OF DRUGS OR
20 ALCOHOL DURING THE COURSE OF THE TRIP.

21 B. ON RECEIPT OF A PASSENGER COMPLAINT ALLEGING A VIOLATION OF THE
22 ZERO-TOLERANCE POLICY, THE TRANSPORTATION NETWORK COMPANY SHALL DO BOTH OF
23 THE FOLLOWING:

24 1. IMMEDIATELY SUSPEND THE TRANSPORTATION NETWORK COMPANY DRIVER'S
25 ACCESS TO THE TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE
26 APPLICATION.

27 2. CONDUCT AN INVESTIGATION INTO THE FILED COMPLAINT. THE SUSPENSION
28 SHALL LAST THE DURATION OF THE INVESTIGATION.

29 C. IF THE TRANSPORTATION NETWORK COMPANY'S INVESTIGATION CONFIRMS THAT
30 THE TRANSPORTATION NETWORK COMPANY DRIVER HAS VIOLATED THIS SECTION, THE
31 TRANSPORTATION NETWORK COMPANY SHALL PERMANENTLY DEACTIVATE THE DRIVER'S
32 ACCESS TO THE TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE
33 APPLICATION. THE TRANSPORTATION NETWORK COMPANY SHALL MAINTAIN ENFORCEMENT
34 RECORDS FOR AT LEAST TWO YEARS AFTER THE DATE A PASSENGER COMPLAINT IS
35 RECEIVED BY THE TRANSPORTATION NETWORK COMPANY AND MAKE THE RECORDS AVAILABLE
36 TO THE DEPARTMENT ON REQUEST.

37 41-2139.03. Transportation network company driver; requirements

38 A. BEFORE A PERSON MAY ACCEPT TRIP REQUESTS THROUGH A DIGITAL NETWORK
39 OR SOFTWARE APPLICATION, THE TRANSPORTATION NETWORK COMPANY SHALL DO ALL OF
40 THE FOLLOWING:

41 1. REQUIRE THE PERSON TO SUBMIT AN APPLICATION TO THE TRANSPORTATION
42 NETWORK COMPANY THAT INCLUDES THE PERSON'S NAME, ADDRESS, AGE, DRIVER LICENSE
43 NUMBER, DRIVING HISTORY, MOTOR VEHICLE REGISTRATION, MOTOR VEHICLE INSURANCE
44 INFORMATION AND ANY OTHER INFORMATION REQUESTED BY THE TRANSPORTATION NETWORK
45 COMPANY.

1 2. CONDUCT, OR HAVE A THIRD PARTY CONDUCT, A LOCAL AND NATIONAL
2 CRIMINAL BACKGROUND CHECK FOR EACH APPLICANT THAT INCLUDES A SEARCH OF A
3 MULTIJURISDICTION CRIMINAL RECORDS LOCATOR OR SIMILAR, VALIDATED COMMERCIAL
4 NATIONWIDE DATABASE AND A NATIONAL SEX OFFENDER REGISTRY DATABASE.

5 3. OBTAIN AND REVIEW A DRIVING HISTORY REPORT FOR THE APPLICANT.

6 4. REQUIRE THAT ALL TRANSPORTATION NETWORK COMPANY VEHICLES USED BY
7 TRANSPORTATION NETWORK COMPANY DRIVERS MEET STATE VEHICLE SAFETY AND
8 EMISSIONS STANDARDS FOR PRIVATE VEHICLES AND HAVE AT A MINIMUM AN ANNUAL
9 BRAKE AND TIRE INSPECTION THAT IS PERFORMED BY A QUALIFIED THIRD PARTY.

10 B. A TRANSPORTATION NETWORK COMPANY MAY NOT ALLOW A PERSON TO ACT AS A
11 TRANSPORTATION NETWORK COMPANY DRIVER WHO:

12 1. HAS HAD MORE THAN THREE MOVING VIOLATIONS OR ONE MAJOR VIOLATION
13 PURSUANT TO TITLE 28 IN THE PRECEDING THREE YEARS. FOR THE PURPOSES OF THIS
14 PARAGRAPH, "MAJOR VIOLATION" INCLUDES ATTEMPTING TO EVADE THE POLICE,
15 RECKLESS DRIVING OR DRIVING ON A SUSPENDED OR REVOKED LICENSE.

16 2. HAS BEEN CONVICTED WITHIN THE PRECEDING SEVEN YEARS OF VIOLATION OF
17 SECTION 13-706, 28-1381, 28-1382 OR 28-1383 OR TITLE 13, CHAPTER 14, 19, 22,
18 23, 34 OR 35.1.

19 3. IS LISTED IN A NATIONAL SEX OFFENDER REGISTRY DATABASE.

20 4. DOES NOT POSSESS A VALID DRIVER LICENSE.

21 5. DOES NOT POSSESS PROOF OF REGISTRATION FOR THE MOTOR VEHICLE THAT
22 WILL BE USED AS A TRANSPORTATION NETWORK COMPANY VEHICLE.

23 6. DOES NOT POSSESS PROOF OF FINANCIAL RESPONSIBILITY FOR THE MOTOR
24 VEHICLE THAT WILL BE USED AS A TRANSPORTATION NETWORK COMPANY VEHICLE.

25 7. IS NOT AT LEAST NINETEEN YEARS OF AGE.

26 C. A TRANSPORTATION NETWORK COMPANY OR ITS AGENT SHALL MAINTAIN
27 RECORDS OF THE CRIMINAL BACKGROUND CHECK CONDUCTED ON BEHALF OF EACH
28 TRANSPORTATION NETWORK COMPANY DRIVER AND MAKE THE RECORDS AVAILABLE TO THE
29 DEPARTMENT ON REQUEST.

30 41-2139.04. Transportation network services; civil penalty;
31 street hails prohibited; records

32 A. A TRANSPORTATION NETWORK COMPANY DRIVER SHALL ACCEPT RIDES BOOKED
33 AND PAID FOR EXCLUSIVELY THROUGH A TRANSPORTATION NETWORK COMPANY'S DIGITAL
34 NETWORK OR SOFTWARE APPLICATION. THE DEPARTMENT MAY IMPOSE A CIVIL PENALTY
35 OF NOT MORE THAN ONE THOUSAND FIVE HUNDRED DOLLARS PER VIOLATION AGAINST ANY
36 TRANSPORTATION NETWORK COMPANY DRIVER WHO IS FOUND TO BE SOLICITING OR
37 ACCEPTING STREET HAILS.

38 B. SUBSECTION A OF THIS SECTION DOES NOT APPLY TO A TRANSPORTATION
39 NETWORK COMPANY DRIVER OF A TRANSPORTATION NETWORK COMPANY VEHICLE INSURED
40 PURSUANT TO SECTION 28-4038, SUBSECTION C.

41 C. A TRANSPORTATION NETWORK COMPANY SHALL MAINTAIN INDIVIDUAL TRIP
42 RECORDS FOR AT LEAST ONE YEAR AFTER THE DATE EACH TRIP WAS PROVIDED AND
43 TRANSPORTATION NETWORK COMPANY DRIVER RECORDS UNTIL THE ONE-YEAR ANNIVERSARY
44 OF THE DATE OF THE DRIVER'S ACTIVATION ON THE TRANSPORTATION NETWORK

1 COMPANY'S DIGITAL NETWORK OR SOFTWARE APPLICATION HAS ENDED AND SHALL MAKE
2 THE RECORDS AVAILABLE TO THE DEPARTMENT ON REQUEST.

3 41-2139.05. Transportation network companies; drivers;
4 transaction privilege tax prohibited

5 A TRANSPORTATION NETWORK COMPANY THAT HAS A PERMIT ISSUED PURSUANT TO
6 THIS ARTICLE AND A TRANSPORTATION NETWORK COMPANY DRIVER MAY NOT BE REQUIRED
7 TO PAY TRANSACTION PRIVILEGE TAX OR ANY SIMILAR TAX IMPOSED BY ANY TAXING
8 AUTHORITY IN THIS STATE ON TRANSACTIONS IN WHICH A TRANSPORTATION NETWORK
9 COMPANY DRIVER IS PROVIDING TRANSPORTATION NETWORK SERVICES.

10 41-2139.06. Transportation network company disclosures;
11 insurance proceeds

12 A. A TRANSPORTATION NETWORK COMPANY SHALL DISCLOSE TO ITS
13 TRANSPORTATION NETWORK COMPANY DRIVERS, IN WRITING OR IN AN ELECTRONIC
14 FORMAT, THE FOLLOWING INFORMATION BEFORE THE DRIVERS MAY ACCEPT A REQUEST FOR
15 TRANSPORTATION NETWORK SERVICES ON THE TRANSPORTATION NETWORK COMPANY'S
16 DIGITAL NETWORK OR SOFTWARE APPLICATION:

17 1. THE INSURANCE COVERAGE AND LIMITS OF LIABILITY THAT THE
18 TRANSPORTATION NETWORK COMPANY PROVIDES WHILE THE TRANSPORTATION NETWORK
19 COMPANY DRIVER USES A TRANSPORTATION NETWORK COMPANY VEHICLE IN CONNECTION
20 WITH THE TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE
21 APPLICATION.

22 2. THAT THE TRANSPORTATION NETWORK COMPANY DRIVER'S OWN INSURANCE
23 POLICY MIGHT NOT PROVIDE COVERAGE WHILE THE TRANSPORTATION NETWORK COMPANY
24 DRIVER USES A TRANSPORTATION NETWORK COMPANY VEHICLE IN CONNECTION WITH THE
25 TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE APPLICATION,
26 DEPENDING ON ITS TERMS.

27 3. THAT THE TRANSPORTATION NETWORK COMPANY DRIVER'S USE OF A VEHICLE
28 THAT HAS A LIEN AGAINST IT TO PROVIDE TRANSPORTATION NETWORK SERVICES FOR THE
29 TRANSPORTATION NETWORK COMPANY MIGHT VIOLATE THE TERMS OF THE TRANSPORTATION
30 NETWORK COMPANY DRIVER'S CONTRACT WITH THE DRIVER'S LIENHOLDER.

31 B. THE DISCLOSURES REQUIRED BY SUBSECTION A OF THIS SECTION SHALL BE
32 PLACED IN THE PROSPECTIVE TRANSPORTATION NETWORK COMPANY VEHICLE OWNER'S
33 WRITTEN TERMS OF SERVICE.

34 C. IF A TRANSPORTATION NETWORK COMPANY'S INSURER MAKES A PAYMENT FOR A
35 CLAIM COVERED UNDER COMPREHENSIVE COVERAGE OR COLLISION COVERAGE, THE
36 TRANSPORTATION NETWORK COMPANY SHALL CAUSE ITS INSURER TO ISSUE THE PAYMENT
37 DIRECTLY TO THE BUSINESS REPAIRING THE VEHICLE OR JOINTLY TO THE OWNER OF THE
38 VEHICLE AND THE PRIMARY LIENHOLDER ON THE COVERED VEHICLE.

39 Sec. 12. Section 42-5062, Arizona Revised Statutes, is amended to
40 read:

41 42-5062. Transporting classification

42 A. The transporting classification is comprised of the business of
43 transporting for hire persons, freight or property by motor vehicle,
44 railroads or aircraft from one point to another point in this state. The
45 transporting classification does not include:

1 1. Transporting for hire persons, freight or property by motor
2 carriers subject to a fee prescribed in title 28, chapter 16, article 4 or by
3 light motor vehicles subject to a fee under title 28, chapter 15, article 4,
4 **TRANSPORTATION NETWORK COMPANIES SUBJECT TO A FEE PRESCRIBED BY SECTION**
5 **41-2139 OR TRANSPORTATION NETWORK COMPANY DRIVERS ON TRANSACTIONS INVOLVING**
6 **TRANSPORTATION NETWORK SERVICES AS DEFINED IN SECTION 41-2138.**

7 2. The business of transporting for hire persons traveling in air
8 commerce by aircraft if taxation of the business is preempted by federal law.

9 3. Ambulances or ambulance services provided under title 48 or
10 certified pursuant to title 36, chapter 21.1 or provided by a city or town in
11 a county with a population of less than one hundred fifty thousand persons as
12 determined in the most recent United States decennial census.

13 4. Public transportation program services for the dial-a-ride programs
14 and special needs transportation services.

15 5. Transporting freight or property for hire by a railroad operating
16 exclusively in this state if the transportation comprises a portion of a
17 single shipment of freight or property, involving more than one railroad,
18 either from a point in this state to a point outside this state or from a
19 point outside this state to a point in this state. For the purposes of this
20 paragraph, "a single shipment" means the transportation that begins at the
21 point at which one of the railroads first takes possession of the freight or
22 property and continues until the point at which one of the railroads
23 relinquishes possession of the freight or property to a party other than one
24 of the railroads.

25 6. Arranging transportation as a convenience or service to a person's
26 customers if that person is not otherwise engaged in the business of
27 transporting persons, freight or property for hire. This exception does not
28 apply to businesses that dispatch vehicles pursuant to customer orders and
29 send the billings and receive the payments associated with that activity,
30 including when the transportation is performed by third-party independent
31 contractors. For the purposes of this paragraph, "arranging" includes
32 billing for or collecting transportation charges from a person's customers on
33 behalf of the persons providing the transportation.

34 B. The tax base for the transporting classification is the gross
35 proceeds of sales or gross income derived from the business, except that the
36 following shall be deducted from the tax base:

37 1. The gross proceeds of sales or gross income derived from
38 transporting for hire persons, freight or property by a railroad pursuant to
39 a contract with another railroad that is also considered to be engaged in the
40 businesses of transporting persons, freight or property for hire if the other
41 railroad is liable for the tax on gross proceeds of sales or gross income
42 attributable to the transportation.

43 2. The gross proceeds of sales or gross income derived from business
44 activity that is properly included in any other business classification under
45 this article and that is taxable to the person engaged in that

1 classification, but the gross proceeds of sales or gross income to be
2 deducted shall not exceed the consideration paid to the person conducting the
3 activity.

4 3. The gross proceeds of sales or gross income derived from a business
5 activity that is arranged by the person who is subject to tax under this
6 section and that is not taxable to the person conducting the activity due to
7 an exclusion, exemption or deduction under this section or section 42-5073,
8 but the gross proceeds of sales or gross income to be deducted shall not
9 exceed the consideration paid to the person conducting the activity.

10 4. The gross proceeds of sales or gross income derived from business
11 activity that is arranged by a person who is subject to tax under this
12 section and that is taxable to another person under this section who conducts
13 the activity, but the gross proceeds of sales or gross income to be deducted
14 shall not exceed the consideration paid to the person conducting the
15 activity.

16 5. The gross proceeds of sales or gross income derived from
17 transporting fertilizer by a railroad from a point in this state to another
18 point in this state.

19 Sec. 13. Legislative intent; department of insurance

20 It is the intent of the legislature that the department of insurance
21 immediately expedite review of any application for approval of a motor
22 vehicle insurance product providing coverage for a transportation network
23 company as defined in section 41-2138, Arizona Revised Statutes, or a
24 transportation network company driver as defined in section 41-2138, Arizona
25 Revised Statutes, who is engaged in providing transportation network services
26 as defined in section 41-2138, Arizona Revised Statutes, and that at least
27 two of these products be available for purchase on or before March 1, 2016.

28 Sec. 14. Exemption from rulemaking

29 For the purposes of this act, the department of weights and measures or
30 the department of transportation, as applicable, is exempt from the
31 rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes,
32 until March 1, 2016.

33 Sec. 15. Statutory revision; legislative council

34 If the department of transportation succeeds to the authority, powers,
35 duties and responsibility of the department of weights and measures relating
36 to the regulation of taxis, livery vehicles and limousines, the legislative
37 council staff shall transfer and renumber title 41, chapter 15, article 8,
38 Arizona Revised Statutes, for placement in title 28, Arizona Revised
39 Statutes, as applicable.