

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

SENATE BILL 1492

AN ACT

AMENDING SECTIONS 28-101, 28-141 AND 28-2401, ARIZONA REVISED STATUTES; REPEALING SECTION 28-2515, ARIZONA REVISED STATUTES; AMENDING SECTION 28-4038, ARIZONA REVISED STATUTES; REPEALING SECTIONS 28-5493 AND 28-5860, ARIZONA REVISED STATUTES; AMENDING SECTIONS 28-9501, 28-9502, 28-9503, 28-9506, 28-9521, 28-9522, 28-9523, 28-9524, 28-9525 AND 28-9526, ARIZONA REVISED STATUTES; AMENDING TITLE 28, CHAPTER 30, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-9527; AMENDING SECTIONS 28-9551, 28-9556, 42-5062 AND 42-6004, ARIZONA REVISED STATUTES; RELATING TO FOR-HIRE TRANSPORTATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 28-101, Arizona Revised Statutes, is amended to
3 read:
4 28-101. Definitions
5 In this title, unless the context otherwise requires:
6 1. "Alcohol" means any substance containing any form of alcohol,
7 including ethanol, methanol, propynol and isopropynol.
8 2. "Alcohol concentration" if expressed as a percentage means either:
9 (a) The number of grams of alcohol per one hundred milliliters of
10 blood.
11 (b) The number of grams of alcohol per two hundred ten liters of
12 breath.
13 3. "All-terrain vehicle" means either of the following:
14 (a) A motor vehicle that satisfies all of the following:
15 (i) Is designed primarily for recreational nonhighway all-terrain
16 travel.
17 (ii) Is fifty or fewer inches in width.
18 (iii) Has an unladen weight of one thousand two hundred pounds or
19 less.
20 (iv) Travels on three or more nonhighway tires.
21 (v) Is operated on a public highway.
22 (b) A recreational off-highway vehicle that satisfies all of the
23 following:
24 (i) Is designed primarily for recreational nonhighway all-terrain
25 travel.
26 (ii) Is sixty-five or fewer inches in width.
27 (iii) Has an unladen weight of one thousand eight hundred pounds or
28 less.
29 (iv) Travels on four or more nonhighway tires.
30 4. "Authorized emergency vehicle" means any of the following:
31 (a) A fire department vehicle.
32 (b) A police vehicle.
33 (c) An ambulance or emergency vehicle of a municipal department or
34 public service corporation that is designated or authorized by the department
35 or a local authority.
36 (d) Any other ambulance, fire truck or rescue vehicle that is
37 authorized by the department in its sole discretion and that meets liability
38 insurance requirements prescribed by the department.
39 5. "Autocycle" means a three-wheeled motorcycle on which the driver
40 and passengers ride in a completely enclosed seating area that is equipped
41 with a roll cage, safety belts for each occupant and antilock brakes and that
42 is designed to be controlled with a steering wheel and pedals.
43 6. "Aviation fuel" means all flammable liquids composed of a mixture
44 of selected hydrocarbons expressly manufactured and blended for the purpose
45 of effectively and efficiently operating an internal combustion engine for

- 1 use in an aircraft but does not include fuel for jet or turbine powered
2 aircraft.
- 3 7. "Bicycle" means a device, including a racing wheelchair, that is
4 propelled by human power and on which a person may ride and that has either:
5 (a) Two tandem wheels, either of which is more than sixteen inches in
6 diameter.
7 (b) Three wheels in contact with the ground, any of which is more than
8 sixteen inches in diameter.
- 9 8. "Board" means the transportation board.
- 10 9. "Bus" means a motor vehicle designed for carrying sixteen or more
11 passengers, including the driver.
- 12 10. "Business district" means the territory contiguous to and
13 including a highway if there are buildings in use for business or industrial
14 purposes within any six hundred feet along the highway, including hotels,
15 banks or office buildings, railroad stations and public buildings that occupy
16 at least three hundred feet of frontage on one side or three hundred feet
17 collectively on both sides of the highway.
- 18 11. "Combination of vehicles" means a truck or truck tractor and
19 semitrailer and any trailer that it tows but does not include a forklift
20 designed for the purpose of loading or unloading the truck, trailer or
21 semitrailer.
- 22 12. "Controlled substance" means a substance so classified under
23 section 102(6) of the controlled substances act (21 United States Code
24 section 802(6)) and includes all substances listed in schedules I through V
25 of 21 Code of Federal Regulations part 1308.
- 26 13. "Conviction" means:
27 (a) An unvacated adjudication of guilt or a determination that a
28 person violated or failed to comply with the law in a court of original
29 jurisdiction or by an authorized administrative tribunal.
30 (b) An unvacated forfeiture of bail or collateral deposited to secure
31 the person's appearance in court.
32 (c) A plea of guilty or no contest accepted by the court.
33 (d) The payment of a fine or court costs.
- 34 14. "County highway" means a public road that is constructed and
35 maintained by a county.
- 36 15. "Dealer" means a person who is engaged in the business of buying,
37 selling or exchanging motor vehicles, trailers or semitrailers and who has an
38 established place of business.
- 39 16. "Department" means the department of transportation acting
40 directly or through its duly authorized officers and agents.
- 41 17. "Digital network or software application" has the same meaning
42 prescribed in section 28-9551.
- 43 18. "Director" means the director of the department of transportation.
- 44 19. "Drive" means to operate or be in actual physical control of a
45 motor vehicle.

1 20. "Driver" means a person who drives or is in actual physical
2 control of a vehicle.

3 21. "Driver license" means a license that is issued by a state to an
4 individual and that authorizes the individual to drive a motor vehicle.

5 22. "Electric personal assistive mobility device" means a
6 self-balancing two nontandem wheeled device with an electric propulsion
7 system that limits the maximum speed of the device to fifteen miles per hour
8 or less and that is designed to transport only one person.

9 23. "Farm" means any lands primarily used for agriculture production.

10 24. "Farm tractor" means a motor vehicle designed and used primarily
11 as a farm implement for drawing implements of husbandry.

12 25. "Foreign vehicle" means a motor vehicle, trailer or semitrailer
13 that is brought into this state other than in the ordinary course of business
14 by or through a manufacturer or dealer and that has not been registered in
15 this state.

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

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

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

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

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

40 29. "Limousine" means a motor vehicle providing prearranged ground
41 transportation service for an individual passenger, or a group of passengers,
42 that is arranged in advance or is operated on a regular route or between
43 specified points and includes ground transportation under a contract or
44 agreement for services that includes a fixed rate or time and is provided in

1 a motor vehicle with a seating capacity not exceeding fifteen passengers
2 including the driver.

3 30. "Livery vehicle" means a motor vehicle that:

4 (a) Has a seating capacity not exceeding fifteen passengers including
5 the driver.

6 (b) Provides passenger services for a fare determined by a flat rate
7 or flat hourly rate between geographic zones or within a geographic area.

8 (c) Is available for hire on an exclusive or shared ride basis.

9 (d) May do any of the following:

10 (i) Operate on a regular route or between specified places.

11 (ii) Offer prearranged ground transportation service as defined in
12 section 28-141.

13 (iii) Offer on demand ground transportation service pursuant to a
14 contract with a public airport, licensed business entity or organization.

15 31. "Local authority" means any county, municipal or other local board
16 or body exercising jurisdiction over highways under the constitution and laws
17 of this state.

18 32. "Manufacturer" means a person engaged in the business of
19 manufacturing motor vehicles, trailers or semitrailers.

20 33. "Moped" means a bicycle that is equipped with a helper motor if
21 the vehicle has a maximum piston displacement of fifty cubic centimeters or
22 less, a brake horsepower of one and one-half or less and a maximum speed of
23 twenty-five miles per hour or less on a flat surface with less than a one
24 percent grade.

25 34. "Motor driven cycle" means a motorcycle, including every motor
26 scooter, with a motor that produces not more than five horsepower.

27 35. "Motor vehicle":

28 (a) Means either:

29 (i) A self-propelled vehicle.

30 (ii) For the purposes of the laws relating to the imposition of a tax
31 on motor vehicle fuel, a vehicle that is operated on the highways of this
32 state and that is propelled by the use of motor vehicle fuel.

33 (b) Does not include a motorized wheelchair, an electric personal
34 assistive mobility device or a motorized skateboard. For the purposes of
35 this subdivision:

36 (i) "Motorized skateboard" means a self-propelled device that has a
37 motor, a deck on which a person may ride and at least two tandem wheels in
38 contact with the ground.

39 (ii) "Motorized wheelchair" means a self-propelled wheelchair that is
40 used by a person for mobility.

41 36. "Motor vehicle fuel" includes all products that are commonly or
42 commercially known or sold as gasoline, including casinghead gasoline,
43 natural gasoline and all flammable liquids, and that are composed of a
44 mixture of selected hydrocarbons expressly manufactured and blended for the
45 purpose of effectively and efficiently operating internal combustion engines.

1 Motor vehicle fuel does not include inflammable liquids that are specifically
2 manufactured for racing motor vehicles and that are distributed for and used
3 by racing motor vehicles at a racetrack, use fuel as defined in section
4 28-5601, aviation fuel, fuel for jet or turbine powered aircraft or the
5 mixture created at the interface of two different substances being
6 transported through a pipeline, commonly known as transmix.

7 37. "Motorcycle" means a motor vehicle that has a seat or saddle for
8 the use of the rider and that is designed to travel on not more than three
9 wheels in contact with the ground but excludes a tractor and a moped.

10 38. "Motorized quadricycle" means a self-propelled motor vehicle to
11 which all of the following apply:

12 (a) The vehicle is self-propelled by an emission-free electric motor
13 and may include pedals operated by the passengers.

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

15 (c) The vehicle seats at least eight passengers, including the driver.

16 (d) The vehicle is operable on a flat surface using solely the
17 electric motor without assistance from the pedals or passengers.

18 (e) The vehicle is a commercial motor vehicle as defined in section
19 28-5201.

20 (f) The vehicle is ~~licensed by the department of weights and measures~~
21 ~~to operate as~~ a limousine OPERATING UNDER A VEHICLE FOR HIRE COMPANY PERMIT
22 ISSUED pursuant to section 28-9503.

23 (g) The vehicle is manufactured by a motor vehicle manufacturer that
24 is licensed pursuant to chapter 10 of this title.

25 (h) The vehicle complies with the definition and standards for
26 low-speed vehicles set forth in federal motor vehicle safety standard 500 and
27 49 Code of Federal Regulations ~~section~~ SECTIONS 571.3(b) and 571.500,
28 respectively.

29 39. "Neighborhood electric vehicle" means a self-propelled
30 electrically powered motor vehicle to which all of the following apply:

31 (a) The vehicle is emission free.

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

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

36 40. "Nonresident" means a person who is not a resident of this state
37 as defined in section 28-2001.

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

43 42. "Operator" means a person who drives a motor vehicle on a highway,
44 who is in actual physical control of a motor vehicle on a highway or who is
45 exercising control over or steering a vehicle being towed by a motor vehicle.

1 43. "Owner" means:

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

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

7 (c) If a mortgagor of a vehicle is entitled to possession of the
8 vehicle, the mortgagor.

9 44. "Pedestrian" means any person afoot. A person who uses an
10 electric personal assistive mobility device or a manual or motorized
11 wheelchair is considered a pedestrian unless the manual wheelchair qualifies
12 as a bicycle. For the purposes of this paragraph, "motorized wheelchair"
13 means a self-propelled wheelchair that is used by a person for mobility.

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

20 46. "Public transit" means the transportation of passengers on
21 scheduled routes by means of a conveyance on an individual passenger
22 fare-paying basis excluding transportation by a sightseeing bus, school bus
23 or taxi or a vehicle not operated on a scheduled route basis.

24 47. "Reconstructed vehicle" means a vehicle that has been assembled or
25 constructed largely by means of essential parts, new or used, derived from
26 vehicles or makes of vehicles of various names, models and types or that, if
27 originally otherwise constructed, has been materially altered by the removal
28 of essential parts or by the addition or substitution of essential parts, new
29 or used, derived from other vehicles or makes of vehicles. For the purposes
30 of this paragraph, "essential parts" means integral and body parts, the
31 removal, alteration or substitution of which will tend to conceal the
32 identity or substantially alter the appearance of the vehicle.

33 48. "Residence district" means the territory contiguous to and
34 including a highway not comprising a business district if the property on the
35 highway for a distance of three hundred feet or more is in the main improved
36 with residences or residences and buildings in use for business.

37 49. "Right-of-way" when used within the context of the regulation of
38 the movement of traffic on a highway means the privilege of the immediate use
39 of the highway. Right-of-way when used within the context of the real
40 property on which transportation facilities and appurtenances to the
41 facilities are constructed or maintained means the lands or interest in lands
42 within the right-of-way boundaries.

43 50. "School bus" means a motor vehicle that is designed for carrying
44 more than ten passengers and that is either:

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

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

7 51. "Semitrailer" means a vehicle that is with or without motive
8 power, other than a pole trailer, that is designed for carrying persons or
9 property and for being drawn by a motor vehicle and that is constructed so
10 that some part of its weight and that of its load rests on or is carried by
11 another vehicle. For the purposes of this paragraph, "pole trailer" has the
12 same meaning prescribed in section 28-601.

13 52. "State" means a state of the United States and the District of
14 Columbia.

15 53. "State highway" means a state route or portion of a state route
16 that is accepted and designated by the board as a state highway and that is
17 maintained by the state.

18 54. "State route" means a right-of-way whether actually used as a
19 highway or not that is designated by the board as a location for the
20 construction of a state highway.

21 55. "Street" or "highway" means the entire width between the boundary
22 lines of every way if a part of the way is open to the use of the public for
23 purposes of vehicular travel.

24 56. "Taxi" means a motor vehicle that has a seating capacity not
25 exceeding fifteen passengers, including the driver, ~~that is registered as a~~
26 ~~taxi in this state or any other state,~~ that provides passenger services and
27 that:

28 (a) Does not primarily operate on a regular route or between specified
29 places.

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

33 57. "Traffic survival school" means a school that offers educational
34 sessions to drivers who are required to attend and successfully complete
35 educational sessions pursuant to this title that are designed to improve the
36 safety and habits of drivers and that are approved by the department.

37 58. "Trailer" means a vehicle that is with or without motive power,
38 other than a pole trailer, that is designed for carrying persons or property
39 and for being drawn by a motor vehicle and that is constructed so that no
40 part of its weight rests on the towing vehicle. A semitrailer equipped with
41 an auxiliary front axle commonly known as a dolly is deemed to be a trailer.
42 For the purposes of this paragraph, "pole trailer" has the same meaning
43 prescribed in section 28-601.

44 59. "Transportation network company" has the same meaning prescribed
45 in section 28-9551.

1 60. "Transportation network company vehicle" has the same meaning
2 prescribed in section 28-9551.

3 61. "Transportation network service" has the same meaning prescribed
4 in section 28-9551.

5 62. "Truck" means a motor vehicle designed or used primarily for the
6 carrying of property other than the effects of the driver or passengers and
7 includes a motor vehicle to which has been added a box, a platform or other
8 equipment for such carrying.

9 63. "Truck tractor" means a motor vehicle that is designed and used
10 primarily for drawing other vehicles and that is not constructed to carry a
11 load other than a part of the weight of the vehicle and load drawn.

12 64. "Vehicle" means a device in, on or by which a person or property
13 is or may be transported or drawn on a public highway, excluding devices
14 moved by human power or used exclusively on stationary rails or tracks.

15 65. "Vehicle transporter" means either:

16 (a) A truck tractor capable of carrying a load and drawing a
17 semitrailer.

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

22 Sec. 2. Section 28-141, Arizona Revised Statutes, is amended to read:

23 28-141. Prearranged ground transportation; applicability;
24 definitions

25 A. The department shall not require a ~~license~~ PERMIT or impose a fee
26 on a motor vehicle providing prearranged ground transportation service if the
27 motor carrier providing the service does all of the following:

28 1. Meets all applicable registration requirements for the interstate
29 transportation of passengers under the ICC termination act of 1995 (P.L.
30 104-88; 109 Stat. 879; 49 United States Code sections 13901 through 13908).

31 2. Meets all applicable vehicle and intrastate passenger licensing
32 requirements of the state in which the vehicle is domiciled or registered to
33 do business.

34 3. Provides the service pursuant to a contract for either of the
35 following:

36 (a) Transportation from this state, including intermediate stops, to a
37 destination in another state.

38 (b) Transportation from this state, including intermediate stops in
39 another state, to a destination in this state.

40 B. For the purposes of this section:

41 1. "Intermediate stop" means a pause in the transportation in order
42 for one or more passengers to engage in personal or business activity, but
43 only if the driver providing the transportation to the passenger does not,
44 before resuming the transportation of the passenger or at least one of the

1 passengers, provide transportation to any other person not included among the
2 passengers being transported when the pause began.

3 2. "Prearranged ground transportation service" means transportation
4 for a passenger or a group of passengers that is arranged in advance or that
5 is operated on a regular route or between specified points.

6 Sec. 3. Section 28-2401, Arizona Revised Statutes, is amended to read:
7 28-2401. Definitions

8 In this article, unless the context otherwise requires:

9 1. "Immediate family member" means a spouse or a parent, child,
10 brother or sister whether by adoption or blood.

11 2. "Special plates" means plates issued pursuant to this article ~~or~~
12 ~~pursuant to section 28-2515.~~

13 Sec. 4. Repeal

14 Section 28-2515, Arizona Revised Statutes, is repealed.

15 Sec. 5. Section 28-4038, Arizona Revised Statutes, is amended to read:
16 28-4038. Transportation network services; financial

17 responsibility requirements; survey

18 A. For a transportation network company that requires a transportation
19 network company driver to accept rides that are booked and paid for
20 exclusively through the transportation network company's digital network or
21 software application and during the time in which the transportation network
22 company driver is logged in to the transportation network company's digital
23 network or software application to be a driver, but is not in the act of
24 providing transportation network services, the following insurance coverage
25 shall be maintained:

26 1. Before March 1, 2016, the transportation network company driver
27 shall maintain a motor vehicle liability insurance policy that meets at least
28 the requirements of section 28-4009. A transportation network company shall
29 provide motor vehicle liability insurance coverage in the amount of
30 twenty-five thousand dollars because of bodily injury to or death of one
31 person in any one accident, subject to the limit for one person, fifty
32 thousand dollars because of bodily injury to or death of two or more persons
33 in any one accident and twenty thousand dollars because of injury to or
34 destruction of property of others in any one accident ~~coverage~~ in the event a
35 transportation network company driver's policy excludes coverage according to
36 the policy's terms.

37 2. From and after February 29, 2016, the transportation network
38 company driver or the transportation network company, or both, shall provide
39 primary motor vehicle liability insurance coverage in the amount of
40 twenty-five thousand dollars because of bodily injury to or death of one
41 person in any one accident, subject to the limit for one person, fifty
42 thousand dollars because of bodily injury to or death of two or more persons
43 in any one accident and twenty thousand dollars because of injury to or
44 destruction of property of others in any one accident. Coverage shall be
45 maintained through any of the following:

1 (a) A private passenger motor vehicle policy maintained by the
2 transportation network company driver that expressly provides liability
3 coverage while the driver is logged in to the transportation network
4 company's digital network or software application to be a driver.

5 (b) A motor vehicle liability policy maintained by the transportation
6 network company.

7 (c) A commercial motor vehicle liability policy.

8 B. For a transportation network company that requires a transportation
9 network company driver to accept rides that are booked and paid for
10 exclusively through the transportation network company's digital network or
11 software application and during the time in which the transportation network
12 company driver is providing transportation network services, the
13 transportation network company driver or the transportation network company,
14 or both, shall maintain the following insurance coverages:

15 1. Primary commercial motor vehicle liability insurance that covers
16 the transportation network company driver's provision of transportation
17 network services in a minimum amount of two hundred fifty thousand dollars
18 per incident.

19 2. Commercial uninsured motorist coverage in a minimum amount of two
20 hundred fifty thousand dollars per incident.

21 ~~C. For a transportation network company that does not require a~~
22 ~~transportation network company driver to accept rides booked and paid for~~
23 ~~exclusively through a transportation network company's digital network or~~
24 ~~software application and during the time in which the transportation network~~
25 ~~company driver is logged in to the transportation network company's digital~~
26 ~~network or software application to be a driver, either the transportation~~
27 ~~network company driver or the transportation network company shall maintain~~
28 ~~the following insurance coverages:~~

29 ~~1. During the time in which the driver is available to provide~~
30 ~~passenger transportation, but has not accepted a ride request and is not in~~
31 ~~the act of providing passenger transportation, primary commercial motor~~
32 ~~vehicle liability insurance coverage in the amount of twenty five thousand~~
33 ~~dollars because of bodily injury to or death of any one person in any one~~
34 ~~accident, subject to the limit for one person, fifty thousand dollars because~~
35 ~~of bodily injury to or death of two or more persons in any one accident and~~
36 ~~twenty thousand dollars because of injury to or destruction of property of~~
37 ~~others in any one accident.~~

38 ~~2. After the driver has accepted a ride request through any~~
39 ~~communication, including a street hail, and during the time in which the~~
40 ~~driver is providing passenger transportation:~~

41 ~~(a) Primary commercial motor vehicle liability insurance in a minimum~~
42 ~~amount of two hundred fifty thousand dollars per incident.~~

43 ~~(b) Commercial uninsured motorist coverage in a minimum amount of two~~
44 ~~hundred fifty thousand dollars per incident.~~

1 ~~D~~. C. From and after February 29, 2016, unless an insurance policy
2 expressly provides coverage or contains an amendment or endorsement that
3 expressly provides coverage, the transportation network company driver's
4 insurance policy and the motor vehicle owner's personal motor vehicle
5 insurance policy shall not be required to provide coverage for the
6 transportation network company vehicle, the transportation network company
7 driver, the motor vehicle owner or any third party while a transportation
8 network company driver is logged in to a transportation network company's
9 digital network or software application to be a driver or is providing
10 transportation network services.

11 ~~E~~. D. Notwithstanding subsection ~~D~~-C of this section, an insurer may
12 offer, for the period during which a transportation network company driver is
13 logged in to a transportation network company's digital network or software
14 application to be a driver or is providing transportation network services,
15 one of the following:

16 1. A motor vehicle liability insurance policy expressly providing such
17 coverage.

18 2. An amendment or endorsement to an existing motor vehicle liability
19 insurance policy specifically providing such coverage.

20 ~~F~~. E. An insurance policy required by this section is deemed to
21 satisfy the financial responsibility requirements for a motor vehicle
22 insurance policy under this title.

23 ~~G~~. F. A transportation network company driver shall carry proof of
24 insurance in the transportation network company vehicle at all times while
25 logged in to a transportation network company's digital network or software
26 application to be a driver or is providing transportation network services.
27 If an accident occurs involving a transportation network company vehicle, the
28 transportation network company driver shall provide proof of insurance to the
29 parties involved in the accident at the time of the accident. The
30 transportation network company driver shall also notify the transportation
31 network company of the accident.

32 ~~H~~. G. In a claims coverage investigation, transportation network
33 companies and any insurer providing coverage as prescribed in this section
34 shall fully cooperate in the exchange of information, including the precise
35 times that a transportation network company driver logged on and off of the
36 transportation network company's digital network or software application in
37 the twenty-four-hour period immediately preceding the accident, and shall
38 disclose to each other a clear description of the coverage, exclusions and
39 limits provided under any insurance policy each party issued or maintained.

40 ~~I~~. H. From and after February 29, 2016, this section and section
41 28-4009 do not create an obligation for an insurer that issues coverage to
42 which section 20-1631 applies to offer, provide or issue a motor vehicle
43 liability insurance policy or an endorsement or amendment that includes
44 coverage for any liability arising while a transportation network company
45 driver is logged in to the transportation network company's digital network

1 or software application to be a driver or is providing transportation network
2 services.

3 ~~I.~~ I. An insurance policy required by this section may be placed with
4 an insurer authorized to transact insurance in this state pursuant to title
5 20, chapter 2, article 1 or a surplus lines insurer pursuant to title 20,
6 chapter 2, article 5.

7 ~~J.~~ J. The department of insurance, as part of its annual survey of
8 insurance companies, may request information from any property and casualty
9 insurer authorized to write private passenger motor vehicle coverage in this
10 state, including information regarding:

11 1. Whether the insurer offers for purchase a policy or an endorsement
12 or amendment that covers transportation network company drivers while the
13 driver is logged in to a transportation network company's digital network or
14 software application to be a driver or is providing transportation network
15 services.

16 2. The number of those policies, endorsements or amendments that have
17 been purchased during the reporting period.

18 3. The number of those policies, endorsements or amendments that have
19 been canceled during the reporting period.

20 Sec. 6. Repeal

21 Sections ~~28-5493~~ and ~~28-5860~~, Arizona Revised Statutes, are repealed.

22 Sec. 7. Section 28-9501, Arizona Revised Statutes, is amended to read:
23 ~~28-9501.~~ Definitions

24 In this chapter, unless the context otherwise requires:

25 ~~1. "Commercial device" means any measuring device that is used to~~
26 ~~determine the direct cost of things or used to establish a fee for service if~~
27 ~~the cost is based on measure.~~

28 ~~2. 1. "Taxi meter" means a commercial device that meets the~~
29 ~~requirements of the national institute of standards and technology handbook~~
30 ~~44 as prescribed by section 3-3413~~ AUTOMATICALLY CALCULATES AT A
31 PREDETERMINED RATE THE CHARGE FOR THE HIRE OF A VEHICLE AND THAT INDICATES
32 THE CHARGE.

33 2. "VEHICLE FOR HIRE" MEANS A TAXI, LIVERY VEHICLE OR LIMOUSINE.

34 3. "VEHICLE FOR HIRE COMPANY" MEANS A COMPANY THAT OFFERS LOCAL
35 TRANSPORTATION THROUGH USE OF A TAXI, LIVERY VEHICLE OR LIMOUSINE OR A
36 COMBINATION OF TAXIS, LIVERY VEHICLES OR LIMOUSINES.

37 Sec. 8. Section 28-9502, Arizona Revised Statutes, is amended to read:
38 ~~28-9502.~~ Powers and duties

39 A. The department shall ~~:-~~

40 ~~:-~~ adopt any rules necessary to carry out this chapter and adopt
41 reasonable rules for the enforcement of this chapter. These rules have the
42 force and effect of law and shall be adopted pursuant to title 41, chapter 6.
43 ~~In adopting these rules, the director shall consider, as far as is~~
44 ~~practicable, the requirements established by other states and by authority of~~

1 ~~the United States, except that rules may not be made in conflict with this~~
2 ~~chapter.~~

3 B. THE DEPARTMENT MAY:

4 ~~2-~~ 1. Investigate complaints made to the department concerning
5 violations of this chapter and, on its own initiative, conduct investigations
6 it deems appropriate in order to develop information relating to prevailing
7 procedures ~~in commercial quantity~~ FOR TAXI METER RATE determination and
8 possible violations of this chapter and to promote accuracy in the
9 determination and representation of quantity in ~~commercial transactions~~ TAXI
10 METER RATES.

11 ~~3-~~ 2. Inspect and test taxi meters BY A RANDOM SYSTEMATIC METHOD
12 DETERMINED BY THE DIRECTOR OR IN RESPONSE TO A COMPLAINT BY THE PUBLIC to
13 determine whether the taxi meters meet the requirements ~~of the national~~
14 ~~institute of standards and technology handbook 44~~ as prescribed by ~~section~~
15 ~~3-3413~~ THE DEPARTMENT BY RULE.

16 ~~4-~~ 3. Apply to any court of competent jurisdiction for a temporary or
17 permanent injunction restraining any person from violating this chapter.

18 ~~5-~~ ~~Report to the governor on or before August 1 of each year and at~~
19 ~~such other times as may be required on the work accomplished under this~~
20 ~~chapter.~~

21 ~~6-~~ 4. Subject to title 41, chapter 4, article 4, employ such
22 personnel as needed to assist in administering this chapter.

23 ~~B. Testing and inspection conducted pursuant to this chapter shall be~~
24 ~~done, to the extent practicable, without prior notice, by a random systematic~~
25 ~~method determined by the director or in response to a complaint by the~~
26 ~~public.~~

27 C. During the course of an investigation or an enforcement action by
28 the department, information regarding the complainant is confidential and is
29 exempt from title 39, chapter 1 unless the complainant authorizes the
30 information to be public.

31 Sec. 9. Section 28-9503, Arizona Revised Statutes, is amended to read:
32 28-9503. Vehicle for hire company permits; fees; violation;
33 classification

34 ~~A. A person may not use a commercial device unless the device is~~
35 ~~licensed as provided in this chapter.~~

36 ~~B. A license shall be obtained annually from the department on forms~~
37 ~~prescribed and furnished by the department. The fee, as determined by the~~
38 ~~director by rule, shall be submitted with the prescribed form. A license~~
39 ~~shall be obtained not later than thirty days following the first day of~~
40 ~~commercial use for original installations. If the ownership of a licensed~~
41 ~~device is transferred, the ownership of the license may be transferred. On~~
42 ~~transfer of a license, new licensees shall notify the department of the~~
43 ~~licensee's name and address and the location of the device.~~

44 A. A VEHICLE FOR HIRE COMPANY MAY NOT OPERATE IN THIS STATE UNLESS THE
45 VEHICLE FOR HIRE COMPANY IS ISSUED A PERMIT BY THE DEPARTMENT. THE VEHICLE

1 FOR HIRE COMPANY MAY APPLY TO THE DEPARTMENT ON FORMS PRESCRIBED BY THE
2 DEPARTMENT. THE PERMIT IS VALID FOR THREE YEARS. THE DEPARTMENT SHALL
3 CHARGE AND COLLECT AN APPLICATION FEE OF TWENTY-FOUR DOLLARS PER VEHICLE THAT
4 IS USED AS A TAXI BY THE VEHICLE FOR HIRE COMPANY AT THE TIME OF APPLICATION,
5 NOT TO EXCEED A TOTAL OF ONE THOUSAND DOLLARS PER APPLICANT.

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

8 C. A VEHICLE FOR HIRE COMPANY SHALL MAINTAIN AN AGENT FOR SERVICE OF
9 PROCESS IN THIS STATE.

10 ~~C.~~ D. If a fare is based on time or mileage or both time and mileage,
11 a taxi shall have a ~~commercial device and shall obtain a license as~~
12 ~~prescribed by the department~~ TAXI METER, except that if the service offered
13 by the taxi is a prearranged ground transportation service as prescribed in
14 section 28-141 for a predetermined fare, a taxi is not required to use a
15 ~~commercial device~~ THE TAXI METER.

16 ~~D. The department may not issue a license for a taxi, livery vehicle~~
17 ~~or limousine unless the taxi, livery vehicle or limousine meets the~~
18 ~~requirements for both of the following:~~

19 ~~1. Motor vehicle licensing as prescribed by the department.~~

20 ~~2. Motor vehicle insurance as prescribed by section 28-4033.~~

21 E. The department shall revoke a ~~license~~ PERMIT if the ~~taxi, livery~~
22 ~~vehicle or limousine~~ VEHICLE FOR HIRE COMPANY fails to maintain the
23 requirements for either of the following:

24 1. Motor vehicle licensing as prescribed by the department.

25 2. Motor vehicle insurance as prescribed by section 28-4033.

26 F. A ~~taxi or livery~~ vehicle FOR HIRE shall have a ~~license~~ COPY OF THE
27 PERMIT issued TO THE VEHICLE FOR HIRE COMPANY under this chapter ~~posted on~~
28 ~~the outside of the rear window as required by the department. A limousine~~
29 ~~shall carry a license issued under this chapter~~ inside the vehicle at all
30 times.

31 G. A taxi that is ~~licensed~~ ISSUED A PERMIT by the department and that
32 offers local transportation for a fare determined on the basis of the
33 distance traveled or prearranged ground transportation service as prescribed
34 in section 28-141 for a predetermined fare is not required to ~~be additionally~~
35 ~~licensed~~ HAVE AN ADDITIONAL PERMIT as a livery vehicle.

36 H. A person or the person's agent who knowingly files with the
37 department any notice, statement or other document required under this
38 section that is false or that contains any material misstatement of fact is
39 guilty of a class 2 misdemeanor.

40 Sec. 10. Section 28-9506, Arizona Revised Statutes, is amended to
41 read:

42 28-9506. Taxi and livery vehicle signage

43 A. A taxi or livery vehicle shall display ~~interior signage that~~
44 ~~contains~~ ALL OF THE FOLLOWING INFORMATION EITHER ON AN INTERIOR SIGN THAT IS

1 READILY VISIBLE AND THAT IS EITHER IN A PRINT OR AN ELECTRONIC FORMAT OR ON A
2 DIGITAL NETWORK OR SOFTWARE APPLICATION:

3 1. The ~~licensee's~~ PERMITTEE'S business name and address. ~~and that is~~
4 ~~all of the following:~~

5 ~~1. Permanent.~~

6 ~~2. In letters at least one half inch in height.~~

7 ~~3. Readily visible.~~

8 ~~4.~~ 2. ~~Accurately representative~~ AN ACCURATE REPRESENTATION of all
9 fares and the fare computation method.

10 ~~B.~~ 3. ~~A taxi or livery vehicle shall display interior signage that~~
11 ~~contains~~ The driver's name ~~and is readily visible to passengers.~~

12 ~~C.~~ B. AT A MINIMUM, a taxi is required to display READILY VISIBLE
13 exterior ~~signage~~ TRADE DRESS AS DEFINED IN SECTION 28-9551 that contains the
14 ~~licensee's business name and telephone number, that contains the~~ word "taxi"
15 or "cab". ~~and that is all of the following:~~

16 ~~1. Permanent.~~

17 ~~2. In letters at least three inches in height.~~

18 ~~3. Readily visible and a minimum of one inch in height for fare~~
19 ~~information.~~

20 ~~4. Accurately representative of all fares and the fare computation~~
21 ~~method.~~

22 Sec. 11. Section 28-9521, Arizona Revised Statutes, is amended to
23 read:

24 28-9521. Unlawful use of vehicle for hire; violation;
25 classification

26 A. When any ~~commercial device~~ VEHICLE FOR HIRE specified in this
27 chapter is in commercial use and a valid ~~license for the device~~ PERMIT has
28 not been procured by the ~~owner, the owner's agent or the operator of the~~
29 ~~device~~ VEHICLE FOR HIRE COMPANY, the department, after giving notice of the
30 ~~licensing~~ PERMIT requirements to the ~~owner, the owner's agent or the operator~~
31 VEHICLE FOR HIRE COMPANY, shall prohibit the further commercial use of the
32 ~~unlicensed device~~ VEHICLE until the proper ~~license~~ PERMIT has been issued.
33 ~~The department may employ and attach to the device such forms, notices or~~
34 ~~security seals as it considers necessary to prevent the continued~~
35 ~~unauthorized use of the device.~~

36 ~~B. A registered service representative may also:~~

37 ~~1. With approval of the department, remove an official rejection tag~~
38 ~~placed on a commercial device.~~

39 ~~2. Place in service, until an official examination can be made, a~~
40 ~~commercial device that has been officially rejected or placed out of service.~~

41 ~~3. Place in service, until an official examination can be made, a~~
42 ~~commercial device for which a commercial device application has been~~
43 ~~completed and submitted to the department.~~

44 ~~C.~~ B. The owner of any business who has not applied for and has not
45 been issued a ~~license~~ PERMIT BY THE DEPARTMENT for the right to do business

1 involving the use of a ~~commercial device by the department~~ VEHICLE FOR HIRE
2 and who is found ~~selling or offering for sale or delivering or distributing~~
3 VEHICLE FOR HIRE SERVICES to a consumer is guilty of a class 2 misdemeanor.
4 ~~, and the department shall confiscate and seize the commercial device or any~~
5 ~~other such measuring device used by the business for the sale, delivery or~~
6 ~~distribution as evidence.~~

7 ~~D. The director and any other authorized personnel are not liable to~~
8 ~~the owner or any other persons, firms, partnerships, corporations, trusts or~~
9 ~~agencies for damages, directly or indirectly, caused by or resulting from the~~
10 ~~seizure.~~

11 ~~E. C. If a commercial device licensed pursuant to this chapter~~
12 VEHICLE FOR HIRE is used contrary to any provision of this chapter or any
13 rule adopted pursuant to this chapter, the department, in addition to any
14 other penalty imposed by this chapter, shall suspend, revoke or refuse to
15 renew the ~~license~~ PERMIT.

16 Sec. 12. Section 28-9522, Arizona Revised Statutes, is amended to
17 read:

18 28-9522. Revocation or suspension of permits; procedure;
19 judicial review

20 A. Except as otherwise provided by this section, any proceeding to
21 revoke or suspend a ~~license~~ PERMIT issued pursuant to this chapter shall be
22 conducted in accordance with title 41, chapter 6, article 10.

23 B. The director may initiate proceedings for revocation or suspension
24 of a ~~license~~ PERMIT issued pursuant to this chapter on the director's own
25 motion or on a verified complaint for noncompliance with or a violation of
26 this chapter or of any rule adopted pursuant to this chapter.

27 C. If, after having been served with the notice of hearing as provided
28 for in title 41, chapter 6, article 10, the ~~licensee~~ PERMITTEE fails to
29 appear at the hearing and defend, the department shall proceed to hear
30 evidence against the ~~licensee~~ PERMITTEE and shall enter an order as justified
31 by the evidence. The order is final unless the ~~licensee~~ PERMITTEE petitions
32 for a review as provided in title 41, chapter 6, article 10.

33 D. At all hearings, the attorney general ~~of this state~~, an assistant
34 attorney general or a special assistant designated by the attorney general
35 shall appear and represent the department.

36 E. Except as provided in section 41-1092.08, subsection H, any final
37 administrative decision made pursuant to this chapter is subject to judicial
38 review pursuant to title 12, chapter 7, article 6.

39 Sec. 13. Section 28-9523, Arizona Revised Statutes, is amended to
40 read:

41 28-9523. Violations; classification; jurisdiction

42 A. A person is guilty of a class 1 misdemeanor who:

43 1. Knowingly hinders, interferes with or obstructs in any way the
44 director or any of the director's agents or inspectors in entering the
45 premises where a ~~commercial device~~ TAXI METER may be kept for inspecting or

1 testing or in the performance of the ~~director's~~ OFFICIAL DUTIES OF THE
2 DIRECTOR or the director's ~~agent's~~ AGENTS or ~~inspector's official duties~~
3 INSPECTORS.

4 2. Impersonates in any way the director or any of the director's
5 agents or inspectors by the use of the director's seal or a counterfeit of
6 the director's seal or in any other manner.

7 3. Uses, or has in possession for the purpose of using for ~~any~~ A
8 commercial purpose, ~~sells,~~ offers or exposes for sale or hire, or has in
9 possession for the purpose of selling or hiring an incorrect ~~weight or~~
10 ~~measure or any device or instrument~~ TAXI METER used or calculated to falsify
11 ~~any weight or measure~~ THE ACCURACY OF THE TAXI METER.

12 ~~4. Sells, or offers or exposes for sale, less than the quantity the~~
13 ~~person represents of any commodity, thing or service.~~

14 ~~5. Takes more than the quantity the person represents of any~~
15 ~~commodity, thing or service, when, as buyer, the person furnishes the weight~~
16 ~~or measure by means of which the amount of the commodity, thing or service is~~
17 ~~determined.~~

18 B. A person is guilty of a class 2 misdemeanor who:

19 ~~1. Uses, or has in possession for the purpose of current use for any~~
20 ~~commercial purpose, a weight or measure that does not bear a seal or mark of~~
21 ~~approval based on an inspection and test, unless the weight or measure has~~
22 ~~been exempted from testing by order of the department, or unless the device~~
23 ~~has been placed in service as provided in this chapter. Any person or~~
24 ~~persons making use of a commercial device that is subject to this chapter~~
25 ~~shall report to the director or the director's representatives, in writing,~~
26 ~~the number and location of the commercial device and shall promptly report~~
27 ~~the installation of any new commercial device.~~

28 ~~2. Disposes of any rejected or condemned weight or measure in a manner~~
29 ~~contrary to law or rule.~~

30 ~~3. Removes from any weight or measure, contrary to law or rule, any~~
31 ~~tag, seal or mark placed on the weight or measure by the appropriate~~
32 ~~authority pursuant to this chapter.~~

33 ~~4. Keeps for the purpose of selling, advertising or offering or~~
34 ~~exposing for sale or sells any commodity, thing or service in a condition or~~
35 ~~manner contrary to law or rule.~~

36 ~~5. 1. Uses in retail trade, except in the preparation of packages put~~
37 ~~up in advance of sale and of medical prescriptions, a weight or measure A~~
38 TAXI METER that is so positioned that its indications cannot be accurately
39 read and the ~~weighing, metering, measuring or counting~~ operation cannot be
40 observed from some position that may reasonably be assumed by a customer.

41 ~~6. 2. Violates this chapter or rules adopted under this chapter. A~~
42 continuing violation may be deemed to be a separate violation each day during
43 which the violation is committed for the purpose of imposing a fine.

1 C. The provisions of this section are in addition to and not in
2 limitation of any other provision of law.

3 D. The attorney general and the county attorney ~~shall~~ have concurrent
4 jurisdiction to prosecute violations of this chapter.

5 Sec. 14. Section 28-9524, Arizona Revised Statutes, is amended to
6 read:

7 28-9524. Presumptive evidence of use

8 When a ~~weight, measure, meter, counter or commercial device~~ TAXI METER
9 is in or about any place in which or from which ~~buying or selling~~ A VEHICLE
10 FOR HIRE TRANSACTION is commonly carried on, there ~~shall be~~ IS a rebuttable
11 presumption that the ~~weight, measure, meter, counter or commercial device~~
12 TAXI METER is regularly used for the business purpose of the place.

13 Sec. 15. Section 28-9525, Arizona Revised Statutes, is amended to
14 read:

15 28-9525. Civil penalties

16 A. A person who violates this chapter, any rule of the department or
17 any ~~license~~ PERMIT requirement is subject to a civil penalty imposed by the
18 director. A person who violates this chapter, any rule of the department or
19 any ~~license~~ PERMIT requirement may request a hearing to review a civil
20 penalty imposed under this section. The department shall conduct the hearing
21 in accordance with title 41, chapter 6, article 10. ~~Except as prescribed in~~
22 ~~subsection B of this section,~~ The civil penalty may not exceed one thousand
23 FIVE HUNDRED dollars for each infraction ~~or more than ten thousand dollars~~
24 ~~for any thirty-day period~~ at each business location ~~or for each public~~
25 ~~weighmaster, provided that no person shall be assessed more than fifty~~
26 ~~thousand dollars per thirty day period.~~

27 ~~B. The director may double the maximum civil penalty if any of the~~
28 ~~following applies:~~

29 ~~1. A commercial device is found to be in violation with results that~~
30 ~~favor the retailer at more than twice the allowable tolerance as stated in~~
31 ~~national institute of standards and technology handbook 44.~~

32 ~~2. A package is found to exceed the maximum allowable variation for~~
33 ~~the labeled quantity allowed in national institute of standards and~~
34 ~~technology handbook 133 or the average error of the lot is twice the sample~~
35 ~~error limit in favor of the retailer.~~

36 ~~3. A maximum civil penalty has been imposed on a retailer for a price~~
37 ~~posting or price verification violation and in a reinspection, if conducted~~
38 ~~within ninety days, the failure rate is ten percent or more and at least one~~
39 ~~error is in favor of the retailer.~~

40 ~~C.~~ B. The attorney general shall bring actions to recover civil
41 penalties pursuant to this section in the superior court in the county in
42 which the violation occurred or in a county where the agency has its office.
43 All monies derived from civil penalties shall be deposited, pursuant to
44 sections 35-146 and 35-147, in the state general fund.

1 Sec. 16. Section 28-9526, Arizona Revised Statutes, is amended to
2 read:

3 28-9526. Delinquent civil penalties and fees

4 In addition to any other penalty, if a civil penalty or any fee due
5 pursuant to this chapter has not been paid within thirty days after the due
6 date, the civil penalty or fee is delinquent and the department may refuse to
7 issue a ~~license~~ PERMIT or may revoke a ~~license~~ PERMIT pursuant to this
8 chapter until the civil penalty or fee is paid in full.

9 Sec. 17. Title 28, chapter 30, article 2, Arizona Revised Statutes, is
10 amended by adding section 28-9527, to read:

11 28-9527. Transaction privilege tax prohibited

12 A VEHICLE FOR HIRE OWNER, COMPANY OR DRIVER THAT HAS A PERMIT ISSUED
13 PURSUANT TO ARTICLE 1 OF THIS CHAPTER IS EXEMPT FROM TRANSACTION PRIVILEGE
14 TAX ON INCOME DERIVED FROM TRANSPORTING PERSONS FOR HIRE PURSUANT TO SECTIONS
15 42-5062 AND 42-6004.

16 Sec. 18. Section 28-9551, Arizona Revised Statutes, is amended to
17 read:

18 28-9551. Definitions

19 In this article, unless the context otherwise requires:

20 1. "Digital network or software application" means any online-enabled
21 application, software, website or system that is offered or used by a
22 transportation network company and that enables a potential passenger to
23 arrange a ride with a transportation network company driver.

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

31 ~~3. "Livery vehicle" means a motor vehicle that:~~

32 ~~(a) Has a seating capacity not exceeding fifteen passengers, including
33 the driver.~~

34 ~~(b) Provides passenger services for a fare determined by a flat rate
35 or flat hourly rate between geographic zones or within a geographic area.~~

36 ~~(c) Is available for hire on an exclusive or shared ride basis.~~

37 ~~(d) May do any of the following:~~

38 ~~(i) Operate on a regular route or between specified places.~~

39 ~~(ii) Offer prearranged ground transportation service as defined in
40 section 28-141.~~

41 ~~(iii) Offer on demand ground transportation service pursuant to a
42 contract with a public airport, licensed business entity or organization.~~

43 ~~4. "Person" means both the plural and the singular, as the case
44 demands, and includes individuals, partnerships, corporations, companies,
45 societies and associations.~~

1 ~~5. "Taxi" means a motor vehicle that has a seating capacity not~~
2 ~~exceeding fifteen passengers, including the driver, that is registered as a~~
3 ~~taxi in this state or any other state, that provides passenger services and~~
4 ~~that:~~

5 ~~(a) Does not primarily operate on a regular route or between specified~~
6 ~~places.~~

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

10 ~~6.~~ 2. "Trade dress" means a removable and distinct logo, insignia or
11 emblem attached to or visible from the exterior of EITHER OF THE FOLLOWING:

12 (a) A transportation network company vehicle during the performance of
13 transportation network services.

14 (b) A TAXI WHILE PROVIDING VEHICLE FOR HIRE SERVICES.

15 ~~7.~~ 3. "Transportation network company" means an entity that has been
16 issued a permit pursuant to this article, that operates in this state, that
17 uses a digital network or software application to connect passengers to
18 transportation network services provided by transportation network company
19 drivers and that may but is not deemed to own, operate or control a personal
20 motor vehicle of a transportation network company driver. Transportation
21 network company does not include the following:

22 (a) This state or a county, city, town or political subdivision of
23 this state and any related entity, a nonprofit agency or any other public
24 body that coordinates, operates, promotes or sponsors public transportation,
25 OR carpool or vanpool services.

26 (b) A program that is in place to meet federal air quality standards
27 pursuant to section 49-404.

28 (c) Any individual, company or activity that meets the requirements of
29 a rental car agent or rental company as defined in section 20-331 if all of
30 the following apply:

31 (i) Transportation is provided to another person or is arranged by the
32 rental company but provided by another person.

33 (ii) The route is predetermined.

34 (iii) Any money exchanged between the provider of the transportation
35 and the recipient does not exceed the cost of providing the transportation.

36 ~~8.~~ 4. "Transportation network company driver" means an individual who
37 receives connections to potential passengers and related services from a
38 transportation network company in exchange for payment of a fee to the
39 transportation network company and who operates a motor vehicle that is both
40 of the following:

41 (a) Owned, leased or otherwise authorized for use by the individual.

42 (b) Used to provide transportation network services.

43 ~~9.~~ 5. "Transportation network company vehicle" means a motor vehicle
44 that meets all of the following:

1 (a) Has a seating capacity not exceeding eight passengers, including
2 the driver.

3 (b) Is authorized by a transportation network company.

4 (c) Is used by a transportation network company driver to provide
5 transportation network services.

6 ~~10-~~ 6. "Transportation network services" means the transportation of
7 a passenger between points chosen by the passenger and arranged with a
8 transportation network company driver through the use of a transportation
9 network company's digital network or software application beginning when a
10 transportation network company driver accepts a request for transportation
11 network services received through the transportation network company's
12 digital network or software application, continuing while the transportation
13 network company driver provides transportation network services in a
14 transportation network company vehicle and ending when the passenger exits
15 the transportation network company vehicle or when the trip is canceled.

16 Sec. 19. Section 28-9556, Arizona Revised Statutes, is amended to
17 read:

18 28-9556. Transportation network services; civil penalty; street
19 hails prohibited; records

20 A. A transportation network company driver shall accept rides booked
21 and paid for exclusively through a transportation network company's digital
22 network or software application. The department may impose a civil penalty
23 of not more than one thousand five hundred dollars per violation against any
24 transportation network company driver who is found to be soliciting or
25 accepting street hails.

26 ~~B. Subsection A of this section does not apply to a transportation~~
27 ~~network company driver of a transportation network company vehicle insured~~
28 ~~pursuant to section 28-4038, subsection C.~~

29 ~~C.~~ B. A transportation network company shall maintain individual trip
30 records for at least one year after the date each trip was provided and
31 transportation network company driver records until the one-year anniversary
32 of the date of the driver's activation on the transportation network
33 company's digital network or software application has ended and shall make
34 the records available to the department on request.

35 Sec. 20. Section 42-5062, Arizona Revised Statutes, is amended to
36 read:

37 42-5062. Transporting classification

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

42 1. Transporting for hire persons, freight or property by:

43 (a) Motor carriers subject to a fee prescribed in title 28, chapter
44 16, article 4. ~~or by~~

1 (b) Light motor vehicles subject to a fee under title 28, chapter 15,
2 article 4. ~~,-~~

3 (c) Transportation network companies subject to a fee prescribed ~~by~~
4 ~~PURSUANT TO~~ section 28-9552. ~~or~~

5 (d) Transportation network company drivers on transactions involving
6 transportation network services as defined in section 28-9551.

7 (e) ~~VEHICLE FOR HIRE COMPANIES THAT ARE ISSUED PERMITS PURSUANT TO~~
8 ~~SECTION 28-9503 OR DRIVERS OF TAXIS, LIVERY VEHICLES OR LIMOUSINES.~~

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

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

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

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

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

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

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

1 2. The gross proceeds of sales or gross income derived from business
2 activity that is properly included in any other business classification under
3 this article and that is taxable to the person engaged in that
4 classification, but the gross proceeds of sales or gross income to be
5 deducted shall not exceed the consideration paid to the person conducting the
6 activity.

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

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

19 5. The gross proceeds of sales or gross income derived from
20 transporting fertilizer by a railroad from a point in this state to another
21 point in this state.

22 Sec. 21. Section 42-6004, Arizona Revised Statutes, is amended to
23 read:

24 42-6004. Exemption from municipal tax; definitions

25 A. A city, town or special taxing district shall not levy a
26 transaction privilege, sales, use or other similar tax on:

27 1. Exhibition events in this state sponsored, conducted or operated by
28 a nonprofit organization that is exempt from taxation under section
29 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the
30 organization is associated with a major league baseball team or a national
31 touring professional golfing association and no part of the organization's
32 net earnings inures to the benefit of any private shareholder or individual.

33 2. Interstate telecommunications services, which include that portion
34 of telecommunications services, such as subscriber line service, allocable by
35 federal law to interstate telecommunications service.

36 3. Sales of warranty or service contracts.

37 4. Sales of motor vehicles to nonresidents of this state for use
38 outside this state if the motor vehicle dealer ships or delivers the motor
39 vehicle to a destination outside this state.

40 5. Interest on finance contracts.

41 6. Dealer documentation fees on the sales of motor vehicles.

42 7. Sales of food or other items purchased with United States
43 department of agriculture food stamp coupons issued under the food stamp act
44 of 1977 (P.L. 95-113; 91 Stat. 958) or food instruments issued under section
45 17 of the child nutrition act (P.L. 95-627; 92 Stat. 3603; P.L. 99-661,

1 section 4302; 42 United States Code section 1786) but may impose such a tax
2 on other sales of food. If a city, town or special taxing district exempts
3 sales of food from its tax or imposes a different transaction privilege rate
4 on the gross proceeds of sales or gross income from sales of food and nonfood
5 items, it shall use the definition of food prescribed by rule adopted by the
6 department pursuant to section 42-5106.

7 8. Orthodontic devices dispensed by a dental professional who is
8 licensed under title 32, chapter 11 to a patient as part of the practice of
9 dentistry.

10 9. Sales of internet access services to the person's subscribers and
11 customers. For the purposes of this paragraph:

12 (a) "Internet" means the computer and telecommunications facilities
13 that comprise the interconnected worldwide network of networks that employ
14 the transmission control protocol or internet protocol, or any predecessor or
15 successor protocol, to communicate information of all kinds by wire or radio.

16 (b) "Internet access" means a service that enables users to access
17 content, information, electronic mail or other services over the internet.
18 Internet access does not include telecommunication services provided by a
19 common carrier.

20 10. The gross proceeds of sales or gross income retained by the Arizona
21 exposition and state fair board from ride ticket sales at the annual Arizona
22 state fair.

23 11. Through August 31, 2014, sales of Arizona centennial medallions by
24 the historical advisory commission.

25 12. Leasing real property between affiliated companies, businesses,
26 persons or reciprocal insurers. For the purposes of this paragraph:

27 (a) "Affiliated companies, businesses, persons or reciprocal insurers"
28 means the lessor holds a controlling interest in the lessee, the lessee holds
29 a controlling interest in the lessor, affiliated persons hold a controlling
30 interest in both the lessor and the lessee, or an unrelated person holds a
31 controlling interest in both the lessor and lessee.

32 (b) "Affiliated persons" means members of the individual's family or
33 persons who have ownership or control of a business entity.

34 (c) "Controlling interest" means direct or indirect ownership of at
35 least eighty percent of the voting shares of a corporation or of the
36 interests in a company, business or person other than a corporation.

37 (d) "Members of the individual's family" means the individual's spouse
38 and brothers and sisters, whether by whole or half blood, including adopted
39 persons, ancestors and lineal descendants.

40 (e) "Reciprocal insurer" has the same meaning prescribed in section
41 20-762.

42 13. The gross proceeds of sales or gross income derived from a contract
43 for the installation, assembly, repair or maintenance of machinery, equipment
44 or other tangible personal property that is described in section 42-5061,

1 subsection B and that has independent functional utility, pursuant to the
2 following provisions:

3 (a) The deduction provided in this paragraph includes the gross
4 proceeds of sales or gross income derived from all of the following:

5 (i) Any activity performed on machinery, equipment or other tangible
6 personal property with independent functional utility.

7 (ii) Any activity performed on any tangible personal property relating
8 to machinery, equipment or other tangible personal property with independent
9 functional utility in furtherance of any of the purposes provided for under
10 subdivision (d) of this paragraph.

11 (iii) Any activity that is related to the activities described in
12 items (i) and (ii) of this subdivision, including inspecting the installation
13 of or testing the machinery, equipment or other tangible personal property.

14 (b) The deduction provided in this paragraph does not include gross
15 proceeds of sales or gross income from the portion of any contracting
16 activity that consists of the development of, or modification to, real
17 property in order to facilitate the installation, assembly, repair,
18 maintenance or removal of machinery, equipment or other tangible personal
19 property described in section 42-5061, subsection B.

20 (c) The deduction provided in this paragraph shall be determined
21 without regard to the size or useful life of the machinery, equipment or
22 other tangible personal property.

23 (d) For the purposes of this paragraph, "independent functional
24 utility" means that the machinery, equipment or other tangible personal
25 property can independently perform its function without attachment to real
26 property, other than attachment for any of the following purposes:

27 (i) Assembling the machinery, equipment or other tangible personal
28 property.

29 (ii) Connecting items of machinery, equipment or other tangible
30 personal property to each other.

31 (iii) Connecting the machinery, equipment or other tangible personal
32 property, whether as an individual item or as a system of items, to water,
33 power, gas, communication or other services.

34 (iv) Stabilizing or protecting the machinery, equipment or other
35 tangible personal property during operation by bolting, burying or performing
36 other dissimilar nonpermanent connections to either real property or real
37 property improvements.

38 14. The leasing or renting of certified ignition interlock devices
39 installed pursuant to the requirements prescribed by section 28-1461. For
40 the purposes of this paragraph, "certified ignition interlock device" has the
41 same meaning prescribed in section 28-1301.

42 15. Computer data center equipment purchased by the owner, operator or
43 qualified colocation tenant of the computer data center or an authorized
44 agent of the owner, operator or qualified colocation tenant during the
45 qualification period for use in a computer data center that is certified by

1 the Arizona commerce authority under section 41-1519. To qualify for this
2 deduction, at the time of purchase, the owner, operator or qualified
3 colocation tenant must present to the retailer its certificate that is issued
4 pursuant to section 41-1519 and that establishes its qualification for the
5 deduction. For the purposes of this paragraph, "computer data center",
6 "computer data center equipment", "qualification period" and "qualified
7 colocation tenant" have the same meanings prescribed in section 41-1519.

8 16. The gross proceeds of sales or gross income derived from a contract
9 with the owner of real property or improvements to real property for the
10 maintenance, repair, replacement or alteration of existing property, except
11 as specified in this paragraph. The gross proceeds of sales or gross income
12 derived from a de minimis amount of modification activity does not subject
13 the contract or any part of the contract to tax. For the purposes of this
14 paragraph:

15 (a) Each contract is independent of another contract, except that any
16 change order that directly relates to the scope of work of the original
17 contract shall be treated the same as the original contract under this
18 ~~chapter~~ PARAGRAPH, regardless of the amount of modification activities
19 included in the change order. If a change order does not directly relate to
20 the scope of work of the original contract, the change order shall be treated
21 as a new contract, with the tax treatment of any subsequent change order to
22 follow the tax treatment of the contract to which the scope of work of the
23 subsequent change order directly relates.

24 (b) Any term not defined in this paragraph that is defined in section
25 42-5075 has the same meaning prescribed in section 42-5075.

26 (c) This paragraph does not apply to a contract that primarily
27 involves surface or subsurface improvements to land and that is subject to
28 title 28, chapter 19, 20 or 22 or title 34, chapter 2 or 6 even if the
29 contract also includes vertical improvements. If a city or town imposes a
30 tax on contracts that are subject to procurement processes under those
31 provisions, the city or town shall include in the request for proposals a
32 notice to bidders when those projects are subject to the tax. This
33 subdivision does not apply to contracts with:

34 (i) Community facilities districts, fire districts, county television
35 improvement districts, community park maintenance districts, cotton pest
36 control districts, hospital districts, pest abatement districts, health
37 service districts, agricultural improvement districts, county free library
38 districts, county jail districts, county stadium districts, special health
39 care districts, public health services districts, theme park districts,
40 regional attraction districts or revitalization districts.

41 (ii) Any special taxing district not specified in item (i) of this
42 subdivision if the district does not substantially engage in the
43 modification, maintenance, repair, replacement or alteration of surface or
44 subsurface improvements to land.

1 17. Monitoring services relating to an alarm system as defined in
2 section 32-101.

3 18. Tangible personal property, job printing or publications sold to or
4 purchased by, or tangible personal property leased, rented or licensed for
5 use to or by, a qualifying health sciences educational institution as defined
6 in section 42-5001.

7 19. The transfer of title or possession of coal back and forth between
8 an owner or operator of a power plant and a person who is responsible for
9 refining coal if both of the following apply:

10 (a) The transfer of title or possession of the coal is for the purpose
11 of refining the coal.

12 (b) The title or possession of the coal is transferred back to the
13 owner or operator of the power plant after completion of the coal refining
14 process. For the purposes of this subdivision, "coal refining process" means
15 the application of a coal additive system that aids the reduction of power
16 plant emissions during the combustion of coal and the treatment of flue gas.

17 20. The gross proceeds of sales or gross income from sales of low or
18 reduced cost articles of food or drink to eligible elderly or homeless
19 persons or persons with a disability by a business subject to tax under
20 section 42-5074 that contracts with the department of economic security and
21 that is approved by the food and nutrition service of the United States
22 department of agriculture pursuant to the supplemental nutrition assistance
23 program established by the food and nutrition act of 2008 (P.L. 110-246; 122
24 Stat. 1651; 7 United States Code sections 2011 through 2036a), if the
25 purchases are made with the benefits issued pursuant to the supplemental
26 nutrition assistance program.

27 21. Tangible personal property incorporated or fabricated into a
28 project described in paragraph 16 of this subsection, that is located within
29 the exterior boundaries of an Indian reservation for which the owner, as
30 defined in section 42-5075, of the project is an Indian tribe or an
31 affiliated Indian. For the purposes of this paragraph:

32 (a) "Affiliated Indian" means an individual native American Indian who
33 is duly registered on the tribal rolls of the Indian tribe for whose benefit
34 the Indian reservation was established.

35 (b) "Indian reservation" means all lands that are within the limits of
36 areas set aside by the United States for the exclusive use and occupancy of
37 an Indian tribe by treaty, law or executive order and that are recognized as
38 Indian reservations by the United States department of the interior.

39 (c) "Indian tribe" means any organized nation, tribe, band or
40 community that is recognized as an Indian tribe by the United States
41 department of the interior and includes any entity formed under the laws of
42 that Indian tribe.

43 22. The charges for the leasing or renting of space to make attachments
44 to utility poles as follows:

1 (a) By a person that is engaged in the business of providing or
2 furnishing electrical services or telecommunication services or that is a
3 cable operator.

4 (b) To a person that is engaged in the business of providing or
5 furnishing electrical services or telecommunication services or that is a
6 cable operator.

7 B. A city, town or other taxing jurisdiction shall not levy a
8 transaction privilege, sales, use, franchise or other similar tax or fee,
9 however denominated, on natural gas or liquefied petroleum gas used to propel
10 a motor vehicle.

11 C. A city, town or other taxing jurisdiction shall not levy a
12 transaction privilege, sales, gross receipts, use, franchise or other similar
13 tax or fee, however denominated, on gross proceeds of sales or gross income
14 derived from any of the following:

15 1. A motor carrier's use on the public highways in this state if the
16 motor carrier is subject to a fee prescribed in title 28, chapter 16,
17 article 4.

18 2. Leasing, renting or licensing a motor vehicle subject to and on
19 which the fee has been paid under title 28, chapter 16, article 4.

20 3. The sale of a motor vehicle and any repair and replacement parts
21 and tangible personal property becoming a part of such motor vehicle to a
22 motor carrier who is subject to a fee prescribed in title 28, chapter 16,
23 article 4 and who is engaged in the business of leasing, renting or licensing
24 such property.

25 4. Incarcerating or detaining in a privately operated prison, jail or
26 detention facility prisoners who are under the jurisdiction of the United
27 States, this state or any other state or a political subdivision of this
28 state or of any other state.

29 5. Transporting for hire persons, freight or property by light motor
30 vehicles subject to a fee under title 28, chapter 15, article 4.

31 6. Any amount attributable to development fees that are incurred in
32 relation to the construction, development or improvement of real property and
33 paid by the taxpayer as defined in the model city tax code or by a contractor
34 providing services to the taxpayer. For the purposes of this paragraph:

35 (a) The attributable amount shall not exceed the value of the
36 development fees actually imposed.

37 (b) The attributable amount is equal to the total amount of
38 development fees paid by the taxpayer or by a contractor providing services
39 to the taxpayer and the total development fees credited in exchange for the
40 construction of, contribution to or dedication of real property for providing
41 public infrastructure, public safety or other public services necessary to
42 the development. The real property must be the subject of the development
43 fees.

44 (c) "Development fees" means fees imposed to offset capital costs of
45 providing public infrastructure, public safety or other public services to a

1 development and authorized pursuant to section 9-463.05, section 11-1102 or
2 title 48 regardless of the jurisdiction to which the fees are paid.

3 7. TRANSPORTING FOR HIRE PERSONS, FREIGHT OR PROPERTY BY
4 TRANSPORTATION NETWORK COMPANIES SUBJECT TO A FEE PRESCRIBED BY SECTION
5 28-9552.

6 8. TRANSPORTING FOR HIRE PERSONS, FREIGHT OR PROPERTY BY
7 TRANSPORTATION NETWORK COMPANY DRIVERS ON TRANSACTIONS INVOLVING
8 TRANSPORTATION NETWORK SERVICES AS DEFINED IN SECTION 28-9551.

9 9. TRANSPORTING FOR HIRE PERSONS, FREIGHT OR PROPERTY BY VEHICLE FOR
10 HIRE COMPANIES THAT ARE ISSUED PERMITS PURSUANT TO SECTION 28-9503.

11 10. DRIVERS OF TAXIS, LIVERY VEHICLES OR LIMOUSINES ON TRANSACTIONS
12 INVOLVING VEHICLE FOR HIRE SERVICES.

13 D. A city, town or other taxing jurisdiction shall not levy a
14 transaction privilege, sales, use, franchise or other similar tax or fee,
15 however denominated, in excess of one-tenth of one percent of the value of
16 the entire product mined, smelted, extracted, refined, produced or prepared
17 for sale, profit or commercial use, on persons engaged in the business of
18 mineral processing, except to the extent that the tax is computed on the
19 gross proceeds or gross income from sales at retail.

20 E. In computing the tax base, any city, town or other taxing
21 jurisdiction shall not include in the gross proceeds of sales or gross
22 income:

23 1. A manufacturer's cash rebate on the sales price of a motor vehicle
24 if the buyer assigns the buyer's right in the rebate to the retailer.

25 2. The waste tire disposal fee imposed pursuant to section 44-1302.

26 F. A city or town shall not levy a use tax on the storage, use or
27 consumption of tangible personal property in the city or town by a school
28 district or charter school.

29 G. For the purposes of this section:

30 1. "Cable operator" has the same meaning prescribed by section 9-505.

31 2. "Electrical services" means transmitting or distributing
32 electricity, electric lights, current or power over lines, wires or cables.

33 3. "Telecommunication services" means transmitting or relaying sound,
34 visual image, data, information, images or material over lines, wires or
35 cables by radio signal, light beam, telephone, telegraph or any other
36 electromagnetic means.

37 4. "Utility pole" means any wooden, metal or other pole used for
38 utility purposes and the pole's appurtenances that are attached or authorized
39 for attachment by the person controlling the pole.

40 Sec. 22. Effective date

41 Sections 28-9522 and 28-9526, Arizona Revised Statutes, as amended by
42 this act, are effective from and after June 30, 2016.