



## Transportation Network Companies

Photo: Uber e táxis em São Paulo, Nucleo Editorial, / CC BY 2.0

### A Timeline of TNCs in Connecticut

**April 2014** — Uber and Lyft begin Connecticut operations

**May 2014** — More than one dozen taxi and livery companies file suit against Uber and Lyft in U.S. District Court in Connecticut

**February 2015** — Lyft suspends Connecticut operations

**May 2015** — Comprehensive TNC regulation bill ([HB 6683](#)) passes House but it is not taken up in Senate

**March 2016** — Court dismisses lawsuit

**April 2016** — TNC insurance bill ([HB 5523](#)) passes House but is not taken up in Senate

**November 2016** — Lyft restarts in the state

### Uber in Connecticut

Uber began operating in Connecticut in April 2014. Since then, its service has grown substantially and is now available to everyone in the state. According to Uber, over 9,000 people currently drive for Uber in Connecticut. Uber drivers [provided](#) four times more trips in February 2016 than they did in the same period in 2015.

### What Is a Transportation Network Company (TNC)?

Sometimes called a ridesharing company, a TNC uses a smartphone application (“app”) to connect people willing to pay for rides to drivers willing to provide them. Drivers listed on the app use their personal vehicles to provide rides, and riders pay through the app. Well-known TNCs include Uber and Lyft.

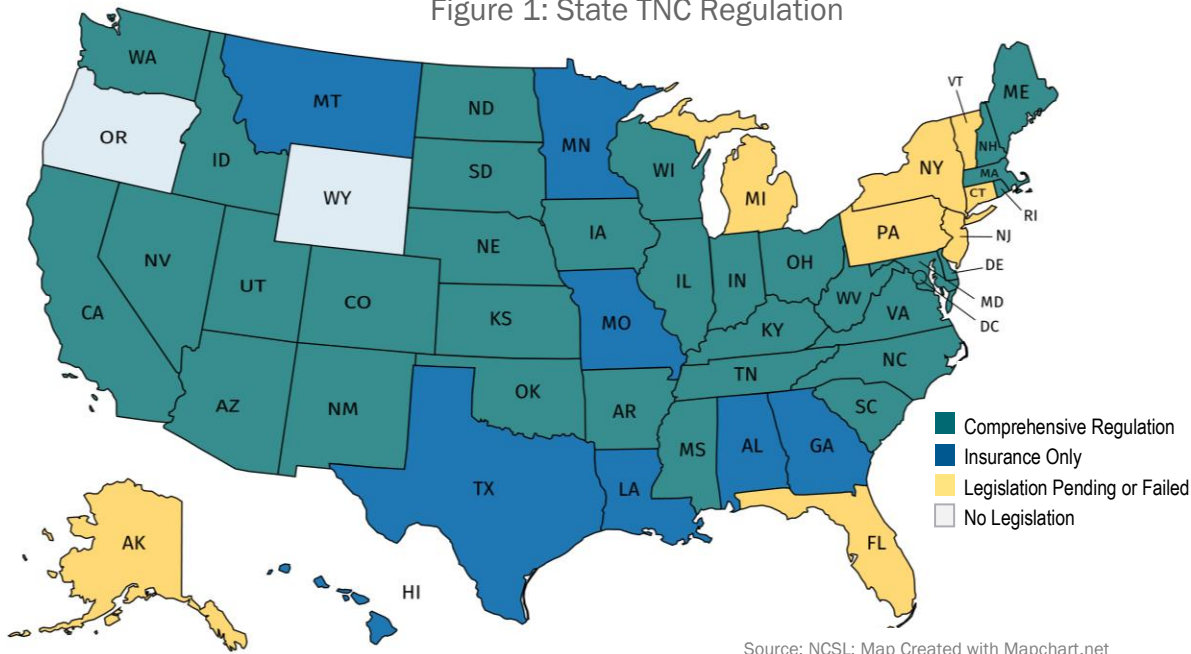
### TNCs vs. Taxis

TNCs have presented a challenge for states because they operate in a legal gray area. Taxi companies contend that TNCs provide the same services they do but are skirting the law and enjoying unfair competitive advantages because they don’t incur the same regulatory and overhead costs. TNCs argue that they should not be subject to taxi regulations because they don’t hire drivers or purchase and manage vehicles. In other words, TNCs say they are not taxi companies — they consider themselves to be technology companies that merely provide a platform for transactions between individuals. Several taxi companies went to court in 2014 to stop Uber and Lyft, but the courts have since dismissed the lawsuits.

***As TNCs have grown, so has their popularity. So, legislators face a dilemma: how to ensure the safety of passengers and fairness of regulations without stemming the remarkable growth and convenience of these alternative transportation companies.***

*-“Riding by the Rules,” NCSL*

Figure 1: State TNC Regulation



Source: NCSL; Map Created with Mapchart.net

## State Action

As Figure 1 shows, 40 states regulate TNCs separately from taxi and livery services. 32 are comprehensive and regulate many aspects of TNC operation, while eight impose only insurance requirements on TNCs.

### Connecticut Legislation

[HB 6683 \(2015\)](#) would have created a comprehensive regulatory structure for TNCs. It included, among other things, (1) background checks for TNC drivers, (2) insurance requirements, (3) vehicle safety inspections, (4) signage requirements, and (5) fare disclosures. It passed the House but was not taken up in the Senate.

[HB 5523 \(2016\)](#) would have created a statutory framework for regulating TNCs, but it only imposed insurance coverage requirements. It passed the House but was not taken up in the Senate.

## Elements of TNC Legislation

### Passenger Safety

TNC legislation usually requires TNCs to (1) run criminal history and driving records checks on drivers before they can be listed on the app, (2) require drivers to have periodic safety inspections performed on their vehicles, and (3) provide signage for drivers to display on their vehicle when providing rides.

### Insurance Coverage

TNC legislations' insurance requirements generally cover, among other things, (1) required primary auto liability coverage during the time a TNC driver is providing, or is available to provide, a ride; (2) disclosure requirements for TNCs and insurers; and (3) claims procedures.

### Fares

TNC legislation usually requires TNCs to provide fare estimates to riders and often imposes restrictions on "surge pricing" (i.e., raising prices during a period of high demand). It also usually requires TNC drivers to only accept payment for rides through a TNC app.

### Other Elements

TNC legislation often addresses a number of other issues, such as nondiscrimination, street hails, and the protection of TNC driver and rider information. Some bills have imposed taxes or fees on TNCs and their services and/or defined the employment relationship between TNCs and their drivers. More recently, TNC legislation has included provisions to increase access to TNC and taxi services for people with disabilities.

Learn  
More

"Uber's On-Demand Car Service," OLR Report [2014-R-0173](#)

["Supporting Innovation, Closing TNC Insurance Gaps."](#)  
Property Casualty Insurers Association of America

["State Regulation of Rideshare Companies,"](#) Council of State Governments

["How Does Uber Work?"](#) Uber.com



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