

First Reading: _____
Second Reading: _____

ORDINANCE NO. _____

AN ORDINANCE TO AMEND CHATTANOOGA CITY CODE, PART II, CHAPTER 35, SO AS TO DEFINE TRANSPORTATION NETWORK SERVICES, APPLICATIONS, COMPANIES, AND OPERATORS AND TO CREATE REGISTRATION PROVISIONS FOR OPERATORS, TO REQUIRE BACKGROUND CHECKS FOR OPERATORS, TO PROHIBIT STREET HAILS BY OPERATORS, TO REQUIRE TRANSPORTATION NETWORK APPLICATION COMPANIES TO CONDUCT BACKGROUND CHECKS, INSPECT VEHICLES, ESTABLISH ZERO TOLERANCE POLICIES FOR DRUGS AND ALCOHOL, AND TO PROVIDE FOR OTHER RELATED MATTERS.

WHEREAS, there is a need in Chattanooga for innovative transportation solutions for the citizens of Chattanooga; and

WHEREAS, Chattanooga citizens and visitors deserve choices in transportation; and

WHEREAS, the progression of technology has allowed for innovations in transportation that allow for safe and affordable transportation options; and

WHEREAS, the Chattanooga City Council desires to regulate the area of transportation network services in order to allow for the availability of transportation solutions to the citizens and visitors of Chattanooga and to provide for public protections relative to those services.

Section 1. NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that Chattanooga City Code, Part II, Chapter 35 is hereby amended to enact Article VIII, Transportation Network Services, as follows:

Article VIII: Transportation Network Services

Sec. 35-283. Definitions.

The following words and phrases, when used in this chapter shall, for the purpose of this chapter, have the meanings respectively ascribed to them in this section, except where the context clearly indicates a different meaning:

Transportation Network Application Company (“TNC”) shall mean a company operating in the City of Chattanooga that uses a digital network or software application to connect a passenger to Transportation Network Services provided by a Transportation Network Operator.

Transportation Network Operator (“TNC Operator”) shall mean an individual who operates a motor vehicle that is:

- (A) Owned, leased, or otherwise authorized for use by the individual;
- (B) Not licensed as a public vehicle-for-hire under Art. II et seq. of this Code of Ordinances; and
- (C) Used to provide Transportation Network Services.

Transportation Network Services (“TNS”) shall mean transportation of a passenger between points chosen by the passenger and that is prearranged by a transportation network application company. TNS shall begin when a TNC Driver accepts a request for transportation received through the TNC’s digital network or software application service, continue while the TNC Driver transports the passenger in the TNC Driver’s vehicle, and end when the passenger exits the TNC Driver’s vehicle.

Sec. 35-284. Registration.

(a) An individual may submit an application to a transportation network application company for registration as a TNC Operator.

(b) A TNC shall approve or deny an application submitted under subsection (a) of this section.

(c) Before approving an application submitted under subsection (a) of this section, a TNC shall:

- (1) Conduct, or have a third party conduct, a local and national criminal background check for each applicant that shall include:
 - (A) Multi-State/Juris Criminal Records Locator or other similar commercial nationwide database with validation (primary source search); and
 - (B) National Sex Offender Registry database.
- (2) Conduct, or have a third party conduct, a driving record check for each applicant.

(d) A TNC shall not approve an application submitted under subsection (a) of this section and shall permanently disqualify an applicant who:

- (1) Has had more than three moving violations in the prior three-year period, or a major violation in the prior three-year period (including, but not limited to, attempting to evade the police, reckless driving, or driving on a suspended or revoked license);
- (2) Has been convicted, within the past seven years, of driving under the influence of drugs or alcohol, or who has been convicted at any time of fraud, sexual offenses, use of a motor vehicle to commit a felony, a crime involving property damage, and/or theft, acts of violence, or acts of terror; and
- (3) Is a match in the National Sex Offender Registry database.

Sec. 35-285. Requirements for Transportation Network Application Companies.

- (a) TNC shall:
 - (1) Create an application process for a person to apply for registration as a TNC Operator;
 - (2) Maintain a current registry of the TNC Operators;
 - (3) Provide the following information on its website:
 - (A) The TNC's customer service telephone number and electronic mail address;
 - (B) The TNC's zero tolerance policy established under paragraph (7) of this section;

- (C) The procedure for reporting a complaint about an individual who a passenger suspects violated the zero tolerance policy under paragraph (8) of this section; and
 - (D) A complaint electronic mail address for the Transportation Board for the City of Chattanooga;
- (4) Conduct, or have a third party conduct, a safety and general appearance inspection of the motor vehicle that a TNC Operator will use before the motor vehicle may be used to provide transportation network services.
- (A) Such safety inspection shall cover brakes, windshield, lights, steering, pollution control devices, tires, and suspension;
 - (B) Such general appearance inspection of the vehicle shall include the exterior of each vehicle, ensuring the vehicle is free of gross damage (dents larger than six inches in any direction) and that the vehicles has factory-finish grade paint; and
 - (C) The general appearance inspection shall further include an interior inspection of each vehicle to ensure the vehicle interior is maintained in a reasonable condition, including door panels, arm rest, floor covering and seats that are free of holes, snags and soiled spots.
- (5) Establish a uniform logo, insignia, decal or trade dress for use on a motor vehicle at any time a motor vehicle is providing or arranging to provide transportation network services.
- (6) Maintain a commercial liability insurance policy that:
- (A) Provides coverage of at least \$1,000,000 per incident for accidents involving a TNC Operator from the time the operator accepts a trip request until the completion of a trip, regardless of whether the operator maintains personal insurance adequate to cover any portion of a claim;
 - (B) During the time that a TNC Operator is available for service but not providing service, provides additional bodily injury coverage of at least \$50,000 per person and at least \$100,000 per accident, and coverage of at least \$25,000 for property damage per accident, in the event that the Operator's personal insurance policy does not pay; and
 - (C) Provides that written notice shall be given the Transportation Board upon any cancellation or termination of the policy.

- (7) Establish a zero tolerance policy on the use of drugs or alcohol while TNC Operator is arranging to provide or is providing transportation network services.
- (8) Immediately suspend a TNC Operator upon receiving a passenger complaint alleging that the operator violated the zero tolerance policy. Such suspension shall last the duration of the investigation.
- (9) Conduct an investigation when a passenger alleges that an operator violated the zero tolerance policy required by paragraph (7).
- (10) Require that TNC Operators do not discriminate against passengers or potential passengers on the basis of destination, race, color, national origin, religious belief or affiliation, sex, disability, age or sexual orientation/identity.
- (11) Require TNC Operators to comply with all applicable laws relating to accommodation of service animals.
- (12) Maintain records relevant to the requirements of this section for the purposes of enforcement.
- (13) Submit an application for a permit to the Transportation Board for the City of Chattanooga that must include:
 - (A) Proof that the company is registered to do business in the State of Tennessee;
 - (B) Proof that the company maintains a registered agent in the State of Tennessee;
 - (C) Proof that the company maintains a website that includes the information required by paragraph (3) of this section;
 - (D) Proof that the company has established a uniform logo, insignia, decal, or trade dress required by paragraph (5) of this section; and
 - (E) A certification under penalty of perjury that the company has complied with the requirements of this ordinance, including, but not limited to the registration requirements for TNC Operators.
 - (F) Proof of the required insurance under Section 35-45 naming the City of Chattanooga Transportation Board as certificate holder.

- (G) A registration fee of \$1,000.00 payable to the City of Chattanooga.
- (b) A TNC shall not provide personal information about a passenger to a TNC Operator, including a passenger's full name, email address, or telephone number.
- (c) A TNC shall transmit a \$1,000.00 annual permit fee to the Transportation Board in the care of the City Treasurer, due on or before January 15th of each year.

Sec. 35-286. Requirements for transportation network operators.

- (a) A TNC Operator shall:
 - (1) Exclusively accept rides booked through a TNC's digital platform and shall not solicit or accept street-hails;
 - (2) Use the required logo, insignia, or trade dress required by Section 35-285(a)(5) of this chapter at any time that the Operator uses his or her motor vehicle to provide or is arranging to provide transportation network service;
 - (3) Possess a valid driver's license;
 - (4) Possess proof of registration for the motor vehicle used for transportation network services;
 - (5) Possess proof of motor vehicle insurance for the motor vehicle used for transportation network services in accordance with industry standards; and
 - (6) Be at least 21 years of age.
- (b) If an accident occurs involving a motor vehicle that is being used for transportation network services, including when the TNC Operator is logged into or otherwise using the software application or network, the TNC Operator shall provide proof of:
 - (1) The TNC Operator's individual auto liability insurance; and
 - (2) The TNC's excess liability coverage; provided, that a TNC Operator shall have 24 hours to provide proof of excess liability coverage.

Sec. 35-287. Charges.

- (a) A TNC may offer service at no-charge, suggest a donation, or charge a fare; provided, that if a fare is charged, a TNC shall disclose the fare calculation method, the applicable rates being charged, and the option for an estimated fare to a passenger before the passenger arranges a trip with the TNC.
- (b) Upon completion of a trip, a TNC shall transmit an electronic receipt to the passenger's electronic mail address or mobile application that lists:
 - (A) The origin and destination of the trip;
 - (B) The total time and distance of the trip; and
 - (C) A breakdown of the total fare paid, if any.

Sec. 35-288. Enforcement.

(a) Upon submission of the required permit application in compliance with Section 35-285, the Transportation Board shall issue a permit to a TNC.

(b) The Transportation Board for the City of Chattanooga shall have the authority to enforce the requirements of this ordinance, including through inspection of relevant records; provided, that any records disclosed to the City that are otherwise exempt from the definition of a Public Record under the Tennessee Public Records Act shall not be disclosed to third parties.

(c) Failure to adhere to the requirements of this section by a TNC or TNC Operator may result in sanction or revocation of its permit by the Transportation Board including fines and other penalties, pursuant to its authority.

(d) Except for the rules and regulations necessary to enforce the provisions of this chapter, TNC, TNC Operator, and TNS shall be exempt from regulation by the Transportation Board including any rules or regulations requiring a TNC to collect or transmit data or information about a customer or a customer's trip to the Transportation Board.

(e) The TNC shall provide the Transportation Board Inspector with a quarterly list or inventory of drivers and vehicles that are associated with a TNC.

Section 2. This Ordinance shall be effective _____.

Passed on second and final reading: _____

CHAIRPERSON

APPROVED:____ DISAPPROVED:____

MAYOR

KOF/EDR