



# The TNC Regulatory Landscape

The Transportation Authority and SFMTA are creating a series of reports that will answer key questions about ride-hail companies, also known as Transportation Network Companies, or TNCs. “The TNC Regulatory Landscape” report provides an overview of existing state and local TNC regulatory frameworks within California and across the country.

This is the second in a series of reports to address important analytic and policy topics regarding TNCs. This report is currently in draft form and will be finalized in the coming months. In the meantime, we invite both state and local stakeholders to provide additional information. Future reports will address additional topics in depth, including the effects of TNCs on roadway congestion, public transit operations and ridership, disabled access, safety, and equity.

## The TNC Regulatory Landscape: An Overview of Current TNC Regulation in California and Across the Country

The rapid expansion of ride-hail companies across the country over the last seven years has led to a wide range of new policy and legislative measures at both state and local levels. At the state level, regulation of TNCs is driven primarily by concerns around safety, liability, and fares. In addition, dozens of cities and counties across the country have enacted their own policies to regulate TNC operation within their boundaries.

### TNC REGULATORY FRAMEWORK IN CALIFORNIA

The California Public Utilities Commission oversees statewide policies for TNCs, and is currently engaged in Phase III of a rulemaking process to refine regulations for these companies. In addition to existing state regulations, airport permit requirements are in place in some areas of the state, including San Francisco.

### TNC REGULATORY FRAMEWORK IN OTHER JURISDICTIONS

Most states now have TNC regulatory frameworks in place, but the extent of the rules and regulations vary widely. In most cases, states with major metropolitan centers allow those jurisdictions to establish more specific regulations or provide financial support from state fees to mitigate local impacts.

*See other side for additional details on the TNC regulatory framework in California.*

### Transportation Authority Role

- Plan
- Fund
- Deliver
- Oversight
- Report/Study

### Goals

Provide an overview of existing state and local TNC regulatory frameworks across the country and within California.

### Learn more

Read the draft final report at [sfcta.org/tnc-reg](http://sfcta.org/tnc-reg).

See the full list of TNC studies at [sfcta.org/ride-hail-companies](http://sfcta.org/ride-hail-companies).

### Project partners

This report was led by the Transportation Authority in partnership with the SFMTA.

### Contact us

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Photo by Elvert Barnes, <https://flic.kr/p/RnBh3W>.

# TNC Regulatory Framework in California

The following table summarizes how California has developed regulations that apply to San Francisco's 10 Guiding Principles for Emerging Mobility Services and Technologies. You can review San Francisco's Guiding Principles at: <http://www.sfcta.org/emerging-mobility/principles>.

All regulations are carried out by the California Public Utilities Commission unless otherwise noted.

An expanded table which compares California's regulations to those in other cities and states can be found in the draft final report "The TNC Regulatory Landscape."



## Safety

- National criminal and sex offender database background checks are required, and TNCs must conduct a driver history check through the DMV.
- TNC vehicles must undergo a 19-point vehicle inspection before service and annually or every 50,000 miles.
- TNCs must establish a driver training program to ensure that drivers are safely operating their vehicles prior to offering service.
- Drivers are allowed to drive a maximum of 10 hours, which resets after an 8-hour rest period.
- TNCs are required to have a zero-tolerance drug and alcohol policy.
- The DMV requires hands-free operation of cell phones.
- Local laws prohibit double parking and stopping in crosswalks.
- TNCs are required to provide insurance during ride (pre-ride request, ride-accepted, and while transporting the rider).



## Collaboration

- The state does not require TNCs to engage in any form of community outreach in the municipalities where they operate.



## Transit

- TNC drivers may only solicit riders through e-hail (street-hailing is prohibited).
- Local regulations restrict use of bus stops and transit lanes.
- Local color curb programs identify parking and loading restrictions by vehicle type.



## Sustainability

- TNCs are prohibited from owning fleets, which reduces their ability to shift the TNC fleet to more sustainable fuel types.



## Accountability

- On an annual basis, TNCs must report on numbers of accessible vehicles, data associated with each trip taken, the number of driver violations and accidents, and average and mean driver hours of operation.
- TNCs must apply for a permit from the state every three years.
- City law requires TNC drivers operating in San Francisco to obtain a local business license.
- TNC drivers must apply for a permit if they wish to operate at San Francisco International Airport.



## Congestion

- There are currently no TNC-specific policies to mitigate vehicle congestion.



## Equitable Access

- TNCs may allow drivers and passengers to "rate" each other, but TNCs must ensure that rating platforms do not discriminate against protected classes.



## Disabled Access

- TNCs must submit and annually update a plan that includes a timeline for passengers with accessibility needs to use their services.



## Financial Impact

- TNCs must pay a \$1,000 initial application fee, with a \$100 annual fee required thereafter.
- TNCs must contribute 0.33% of their gross California revenues, paid into CPUC Transportation Reimbursement Account.
- San Francisco International Airport charges a \$3.80/trip cost recovery fee.



## Labor

- TNCs currently operate as independent contractors instead of employees, though this classification is being disputed in federal court.