

Subject Transportation Network Company Regulation

Authors Hassan and Others

Analyst Marta James
Mary Davis
Larie Pampuch

Date May 7, 2024

Overview

This bill creates a new chapter 181C for the purpose of regulating transportation network companies or TNCs. Provisions include establishment of minimum compensation for drivers and deactivation procedures, and requirements for insurance, notice and pay transparency, discrimination and retaliation, and enforcement, among others.

Summary

Section	Description
---------	-------------

- | | |
|---|--|
| 1 | <p>[65B.472] Transportation network financial responsibility.</p> <p>Subd. 1. Definitions. Defines disability and income loss benefits, driver time periods, funeral and burial expenses, medical expense benefits, personal injury, replacement services loss benefits, survivors economic loss benefits, and survivor replacement services loss benefits. Adds and corrects cross-references.</p> <p>Subd. 2. Maintenance of transportation network financial responsibility. Clarifies existing provision requiring a TNC to maintain auto insurance on a driver's behalf covering P1, P2, and P3 and makes consistent language changes. Requires TNCs to provide a blanket accident and sickness insurance policy at no cost to the drivers that provides at least \$1 million in benefits for personal injuries to drivers that arise from the driver's work and are not otherwise covered by auto insurance. Specifies the type of coverage required and includes a personal injury sustained at a drop-off location immediately following a ride. Adds requirements for insurers that issue accident and sickness policies under this section. Requires that, if one or more TNC blanket accident and sickness policies cover an injury, the TNC against whom the claim is filed pays a pro rata share. Reduces amounts payable under the blanket accident and sickness coverage by amounts paid or payable due to underinsured/uninsured motorist coverage.</p> |
|---|--|

Section	Description
---------	-------------

Subd. 3. Disclosure to transportation network company drivers. Corrects cross-references and makes consistent language change.

Subd. 4. Automobile insurance provisions. Corrects cross-references.

Effective date: This section is effective January 1, 2025.

2	[181C.01] Definitions.
---	-------------------------------

Provides the definitions used for the new chapter 181C regulating transportation network companies. Where applicable, terms have been defined by referencing definitions in chapter 65B.

3	[181C.02] Notice and pay transparency.
---	---

Requires a TNC to provide several notices to TNC drivers related to minimum compensation requirements, any compensation policy, trip assignments, daily and weekly receipts, and rights and remedies available.

Subd. 1. Compensation notice. Requires a TNC to provide notice to a driver when their account is activated and annually each year advising the driver of minimum compensation required under section 4, or any compensation policy, including frequency and manner of pay, rights and remedies available for payment violations, and the right to elect certain paid leave benefits when applicable. The notice must be written in plain language and available in the required languages. Requires 48-hour notice to a driver of any change to compensation before it takes effect.

Subd. 2. Assignment notice. Requires a TNC to provide sufficient notice time for a driver to review a potential ride offer, which must include the estimated travel time and mileage to the pickup location and for the trip, and estimated trip compensation (not including any gratuity).

Subd. 3. Daily trip receipt. Requires a daily receipt from the TNC to the driver within 24 hours of a trip with certain information, including time and mileage, pickup and dropoff locations as specified, total fares paid, and the itemized total compensation to the driver, including rate of pay, and any multiplier, gratuities, or list of tolls, fees, or other pass-throughs charged to the driver.

Subd. 4. Weekly summary. Requires a weekly summary from the TNC providing certain information about the week prior, including total time the driver was logged in, total time and mileage for P2 and P3, total fares paid by riders, and total compensation, including any gratuities.

Section Description

Subd. 5. Record keeping. Requires TNCs to keep trip receipts and weekly summaries for at least three years.

4 [181C.03] Minimum compensation.

Establishes minimum compensation for TNC drivers. Sets rate as \$1.27 per mile, and \$0.49 per minute for any ride and requires an additional \$0.91 per mile for wheelchair accessible vehicles, subject to annual adjustment based on inflation starting January 1, 2026. Drivers must be paid at least \$5 for any ride provided, and a driver must receive 80 percent of any ride cancellation fee paid by a rider if the driver has already departed. Requires payment to drivers at least every 14 days of at least the minimum compensation amount. Any gratuities are additional to the minimum and must be paid by the next scheduled paycheck. Fares must be paid to a driver regardless of whether they are actually collected.

5 [181C.04] Deactivation.

Provides that a TNC must have a written and easy to read deactivation policy that outlines how the company suspends or terminates a driver's ability to work for the TNC. A deactivation policy must include information specific enough for a driver to understand, including reasons for, and known length of, deactivations, procedure and notice requirements for deactivation, procedures for reconsideration and appeal, and a definition of serious misconduct. The TNC must provide a copy of the policy to the drivers each year in many commonly spoken languages and is enforceable as part of the driver's contract with the TNC.

Deactivation rules under this section do not apply to deactivations that occur for economic reasons and are not targeted at a particular driver during a public state of emergency.

This section provides:

- that a TNC cannot deactivate a driver for a violation not reasonably understood to be part of the TNC's deactivation policy, accepting or rejecting a ride for nondiscriminatory reasons, working too few hours, making a statement about compensation or working conditions, or asserting their rights under the law;
- that there must be a written notice provided to the driver at the time of the deactivation, or within three days, for a deactivation for serious misconduct. The notice must include the reason, anticipated length, and start date of the deactivation, as well as information and instructions for if or how the deactivation can be reversed or challenged by the driver, including a driver's option to appeal the deactivation under subdivision 5, and notice that the driver can obtain assistance from a third-party driver advocacy group;

Section Description

- a TNC must contract with an independent, not-for-profit, third-party driver advocacy group to provide services to drivers at no cost, including assistance on deactivation appeals, education and outreach to drivers on rights and remedies under the law, and related technical and legal assistance. The organization cannot be excessively influenced by the TNC, including day-to-day operations or determining who receives assistance;
- timelines for appealing a deactivation and for ruling on an appeal, the option for a driver to have an advocate or attorney assist, and how the TNC must consider evidence related to the deactivation, including any information presented by the driver. Allows reasonable compensation when the deactivation occurred due to a technical issue up to the specified maximum; and
- drivers deactivated after January 1, 2021, and before November 1, 2024, who have not already been reinstated, have an opportunity to appeal their deactivation, within 90 days of enactment.

Effective date: Applies to deactivations on or after November 1, 2024, except as provided for prior deactivations.

6 [181C.05] Enforcement.

Provides for enforcement of chapter 181C. Adds notice and pay transparency and minimum compensation provisions to list of sections that DLI can enforce through its compliance order authority. Makes an existing or a new contract provision that violates chapter 181C unenforceable, and allows a driver to bring a district court action for such violations. Prohibits retaliation against a driver for bringing a complaint under this chapter or supporting this legislation.

7 [181C.06] Discrimination prohibited.

Prohibits discrimination against a driver by a TNC company based on a protected status, and allows the driver to use the remedies available under the Minnesota Human Rights Act, including a civil or administrative action.

8 [181C.07] Collective bargaining; employment status.

Clarifies that nothing in this bill prohibits collective bargaining or should be construed to modify the employment status of a TNC driver.

9 [181C.08] Arbitration; requirements.

Allows a driver to opt out of arbitration with a TNC. Makes Minnesota the venue and the rights and remedies under chapter 181C the governing law for any arbitration between a Minnesota driver and a TNC. Allows a driver to appear by electronic means if an arbitration cannot take place in Minnesota. Requires joint selection of arbitrators using the Minnesota Supreme Court Alternative Dispute Resolution list

Section	Description
	and selection by a case manager according to best practices of the American Arbitration Association if the two sides cannot mutually agree.
10	[18C.09] Revocation of license. Allows a city or local government to revoke a license or refuse to issue a license to a TNC based on violations of this chapter.
11	Appropriation. Appropriates money to DLI for fiscal year 2025 and beyond for the purposes of enforcement, education, and outreach of sections 3 and 4.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155