

Frequently Asked Questions

The Limousine, Taxicab, and Transportation Network Company Act Effective March 21, 2017 with Amendments Effective August 14, 2018

What is the Limousine, Taxicab, and Transportation Network Company Act?

- The act establishes uniform state registration requirements for limousines, taxicabs, and transportation network companies (TNCs), such as Uber and Lyft, to operate in Michigan.
- To operate in Michigan, limousine carriers, taxicab carriers, or TNCs must be registered with the Department of Licensing and Regulatory Affairs (LARA).

What are the new requirements?

- Businesses must annually conduct criminal background checks and obtain driving records from employees and applicants.
- Vehicles five years old or older that are used by a limousine, taxicab carrier, or TNC driver must be annually inspected by a licensed mechanic.
- A vehicle subject to this act must display a sign and may also display a LARA registration number. If the vehicle displays its dispatch system provider's sign, rather than its own sign, it must also display its own LARA registration number.
- There is a zero-tolerance policy for drivers who use drugs or alcohol while operating a vehicle to provide rides for passengers.
- Drivers must notify passengers of their company's nondiscrimination policy with regard to passengers and potential passengers.

What is a transportation network company (TNC)?

The act defines it as a person operating in Michigan that uses a TNC digital network to connect individual riders to TNC drivers who provide TNC-prearranged rides using a TNC driver's personal vehicle between points chosen by the rider. A TNC-prearranged ride does not include a shared-expense carpooling or vanpooling arrangement, or transportation provided using a taxicab, limousine, or other vehicle.

What doesn't a TNC include?

- A taxi service.
- Transportation service arranged through a transportation broker.
- Transportation service arranged through a ridesharing agreement.
- Transportation service using fixed routes at regular intervals.

What is a TNC driver?

The act defines them as individuals who:

- Receive connections to potential passengers and related services from a TNC in exchange for a payment of a fee to a TNC; and
- Use a personal vehicle to offer or provide TNC prearranged rides to TNC riders upon connection through a digital network controlled by a TNC in return for compensation or payment of a fee.

When can I register with LARA?

- On or after March 21, 2017.
- The application for registration is available online and in hard copy form provided by LARA.

What are the different registrations I can apply for?

- Limousine carrier
- Taxicab carrier
- Transportation network company

What documents must I include with my application for registration?

- Proof of insurance requirements;
- Relevant articles of organization/incorporation; if a foreign entity, a certificate of authority to conduct business in Michigan; or
- If registered at the county level, a copy of its certificate of authority to conduct business under an assumed name or certificate of co-partnership;
- Applicant contact information;
- The number of vehicles the applicant operates;
- If applicable, proof the applicant has satisfied any disciplinary action under the act.

What costs are associated with a registration?

A yearly application fee and a registration fee must accompany the completed application for registration. The fees are determined by the number of vehicles the applicant registers. Registrations expire annually on August 31.

How much are the fees?

# of Vehicles	Application Fee	Annual Registration Fee	Total
1	\$25.00	\$100.00	\$125.00
2	\$25.00	\$150.00	\$175.00
3	\$25.00	\$200.00	\$225.00
4	\$25.00	\$250.00	\$275.00
5	\$25.00	\$300.00	\$325.00
6	\$25.00	\$350.00	\$375.00
7	\$25.00	\$400.00	\$425.00
8	\$25.00	\$450.00	\$475.00
9	\$25.00	\$500.00	\$525.00
10	\$25.00	\$550.00	\$575.00
11-25	\$50.00	\$1,000.00	\$1,050.00
26-100	\$100.00	\$2,500.00	\$2,600.00
101-500	\$100.00	\$5,000.00	\$5,100.00
501-1000	\$100.00	\$10,000.00	\$10,100.00
1001 or more	\$100.00	\$30,000.00	\$30,100.00

Are there any provisions that could prevent me from operating a vehicle on behalf of a limousine or taxicab carrier, or to accept TNC prearranged ride requests?

Yes. You cannot be an operator if any of the following is true:

- You have more than four moving violations or one major violation in the three-year period before the date of your application;

- You have certain felony convictions within the five years before the date of your application to the limousine carrier, taxicab carrier, or TNC;
- You are listed on the National Sex Offender Registry database;
- You do not have a valid operator's license issued under the Michigan Vehicle Code or issued by another state;
- You do not possess proof of automobile liability insurance (TNCs drivers only); and
- If you are under 19 years of age.

A limousine carrier, taxicab carrier, and TNC must annually conduct a local and national criminal background check of each of its drivers. All driver background records are subject to LARA audit at any time.

Do I also have to have a chauffeur's license?

No. The act amended the Michigan Vehicle Code to specify that "chauffeur" does not include a limousine, taxicab, or TNC driver.

Is a limousine or taxicab considered a "commercial vehicle?"

No. A limousine operated by a limousine driver, a taxicab operated by a taxicab driver, or a personal vehicle operated by a TNC driver is not considered a "commercial vehicle," which means that they are not required to obtain a chauffeur license.

What level of insurance am I required to have?

- For limousine carriers, bodily injury and property damage liability insurance with a minimum combined single limit of \$1 million for all persons injured or for property damage.
- For taxicab carriers, bodily injury and property damage liability insurance with a minimum combined single limit of \$300,000 for all persons injured or for property damage.
- When a TNC driver does not have a passenger in their vehicle they must have residual third party liability insurance in the amount of at least \$50,000 per person for death or bodily injury, \$100,000 per incident for death or bodily injury, and \$25,000 for property damage.
- When a TNC driver does have a passenger in their vehicle, they must maintain residual third party liability insurance with a minimum combined single limit of \$1 million for all bodily injury or property damage.

Do I have to show proof of insurance?

Yes. All limousine carriers, taxicab carriers, and TNCs must provide an annual statement to LARA regarding insurance coverage requirements.

Can I be audited?

Yes. LARA has authority to audit a registrant's records, but not more than two times per year. All background check records of drivers are subject to audit by LARA at any time. The act also designates several types of records as nonpublic records if produced for an audit and if they meet certain other requirements.

Are there sanctions or penalties for not complying with this law?

Yes. A limousine carrier, taxicab carrier, a TNC, or an officer or agent of any of the three who requires or knowingly permits a driver to drive or operate a limo, taxicab, or personal vehicle in violation of this rule or order promulgated or issued under the act is guilty of a misdemeanor punishable by a criminal fine of not more than \$1,000 per violation or imprisonment for not more than 90 days or both. The attorney general or appropriate prosecuting attorney may institute appropriate criminal proceedings with or without a LARA Referral.

LARA may also issue a notice and order to cease and desist, resulting in the assessment an administrative fine against a person who violates the act that covers the actual cost to LARA of the investigation and enforcement of the violations, including attorney fees, and/or the denial of a future registration or renewal application. LARA may summarily suspend a registrant's registration if its insurance coverage is canceled for any reason, or if, after an audit, LARA determines that a violation of the act poses a threat to the public health, safety, or welfare. Civil action is also available to enforce compliance with the act and may be initiated by any person.

What state agency handles registration and administers the Limousine, Taxicab, and Transportation Network Company Act?

The Act is administered through the Commercial Licensing Division within the Corporations, Securities & Commercial Licensing Bureau of LARA.

Who do I call if I have questions?

You may call the Commercial Licensing Division at (517) 241-9221 or by e-mail at CSCOnline@michigan.gov. More information is available online at www.michigan.gov/tnc.

DISCLAIMER: The answers provided are not meant to be a substitute for legal advice.