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BILL NO.: HB1030/Senate Bill 0747 – Transportation Network
Companies – Deactivation of Operators – Policy and Appeal
Procedure

COMMITTEE: Finance
Economic Matters

HEARING DATES: March 5, 2025
March 6, 2025

SPONSOR: Senator Kramer and Senator Lam
Delegate Fennell and Delegate Ivey and Delegate Martinez

POSITION: Informational

The Maryland Office of People’s Counsel (“OPC”), the statutory representative of residential ratepayers and non-commercial users of other services regulated by the Public Service Commission, including transportation network companies (“TNCs”) as defined under Public Utilities Article (“PUA”) 10-101, respectfully offers the following informational comments on House Bill 1030 and cross-filed Senate Bill 747—a bill that proposes changes to the statute governing TNCs and associated drivers. OPC does not have comments regarding HB 1030/SB 747’s proposed driver deactivation requirements. However, OPC participates in cases related to TNCs before the Commission and believes the bill’s proposed changes in the definition of “transportation network operator”, “transportation network partner”, or “transportation network driver” (“TNO”) under PUA Section 10-101(m)(2) could have potential negative implications for the protections that are provided to “non-commercial users” (i.e. riders). Thus, OPC offers the following information and modifications to the bill’s definition of TNO to address those concerns.

As drafted, HB 1030/SB 747 would amend the current PUA definitions for “transportation network company”, as well as the single definition for “transportation

network operator”, “transportation network partner” or “transportation network driver” (“TNO”), all of which have the same meaning under the law. OPC supports the bill’s attempt to provide clarifications to the current definitions for both TNCs and TNOs but is concerned that HB 1030/SB 747’s changes to the TNO definition might inadvertently exclude certain operators from being classified as drivers, partners or operators, leaving riders without the licensing and other public safety protections that current law provides. OPC’s proposed changes intend to close potential regulatory loopholes.

A case now pending before the Commission highlights the usefulness of clarifying the definitions. Yazam, Inc. d/b/a/ Empower (“Empower”), which Commission Staff has accused of operating as a TNC without a license,¹ argues that it is not a TNC because drivers who use Empower’s software to connect drivers with passengers do not meet the statutory definition of TNOs under PUA §10-101(m)(2) since Empower does not receive payments directly from passengers—as do ride services such as Uber and Lyft—but instead receives subscription fees from drivers.² Empower asserts that the Maryland General Assembly, when it crafted PUA §10-101(m)(2) under Senate Bill 868 in 2015, specifically intended for the payment exchange described within the provision to take place between the passenger and the TNC.³

OPC disagrees with Empower’s interpretation that it is not a TNC. Nonetheless, OPC supports HB1030/SB 747’s efforts to further clarify how TNCs and TNOs are defined under Maryland law and recommends the following modifications to the bill:

- Add the word “connected” to Section 10-101(m)(2)(I) to echo the “connect passengers” language in Section 10-101(l)(1) and ensure it is clear that the definition applies whenever the app is used to make such connections;
- Delete “to the transportation network company” language under Section 10-101(m)(2)(II)(1) so that the fee does not specifically need to be paid “to the transportation company”;
- Change the “and” to an “or” at the end of Section 10-101(m)(2)(II)(2), so that a driver meets the definition of a “transportation network operator” if the driver meets any of the three—rather than all three—criteria. To ensure that the change from a conjunctive to an alternative doesn't unintentionally capture

¹ See Case No. 9732, *In the Matter of the Staff of the Public Service Commission v. Yazam, Inc. d/b/a/ Empower* (Apr. 5, 2024).

² See Case No. 9732, Empower’s Answer to Staff’s Complaint at 1 (June 7, 2024).

³ See Case No. 9732, Empower’s Answer to Staff’s Complaint at 3 (June 7, 2024).

drivers using an approved car for personal use, add to 10-101(m)(3), “when providing transportation services for compensation.”

These modifications aim to clarify definitions and prevent ambiguity that might allow certain businesses and individuals, like Empower, to continue to argue they are not properly classified as a TNC or TNO.

OPC appreciates the opportunity to provide this information on HB 1030/SB 747.