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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**

**Senator Steven Bradford, Chair  
2023 - 2024 Regular**

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<b>Bill No:</b>	SB 429	<b>Hearing Date:</b>	9/13/2023
<b>Author:</b>	Bradford		
<b>Version:</b>	9/7/2023 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Sarah Smith		

**SUBJECT:** Transportation network companies: participating drivers: vehicle inspections

**DIGEST:** This bill codifies vehicle inspection requirements for transportation network company (TNC) vehicles and requires TNCs to compensate certain drivers for their time spent completing a vehicle inspection.

**ANALYSIS:**

Existing law:

- 1) Authorizes the California Public Utilities Commission (CPUC) to supervise and regulate every charter-party carrier of passengers. (Public Utilities Code §5381)
- 2) Defines a charter-party carrier of passengers as every person engaged in the transportation of persons by motor vehicle for compensation over any public highway in this state. This definition includes any person or entity that provides a hired driver service using a rented vehicle. (Public Utilities Code §5360)
- 3) Requires each charter-party carrier of passengers to demonstrate its ability and financial capacity to provide transportation services before the CPUC can issue or renew a license to operate. Existing law prohibits the CPUC from issuing a license to any entity that fails to demonstrate that it meets licensure requirements. Existing law also specifies various criteria companies meet prior to licensure, including, but not limited to, providing a safety education and training program for all employees or contractors operating vehicles for hired transportation services. (Public Utilities Code §5374)
- 4) Defines a TNC as an organization, including, but not limited to, a corporation, limited-liability company, partnership, sole proprietor, or any other entity, operating in California that provides prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using a personal vehicle. (Public Utilities Code §5431)

- 5) Authorizes the CPUC to establish requirements for TNC licensure, including inspection and safety requirements. (Public Utilities Code §5431)
- 6) Establishes various requirements for TNC driver insurance requirements, background checks, and prohibitions on contracting with a driver convicted of certain crimes within the prior seven years, including, but not limited to domestic violence, assault, and driving under the influence of alcohol or drugs. (Public Utilities Code §5342 et. seq.)

This bill:

- 1) Clarifies that TNCs must require vehicles to meet CPUC inspection requirements before allowing a driver to start providing services.
- 2) Specifies that TNC vehicle inspection must be performed by a mechanic affiliated with a facility licensed by the Bureau of Automotive Repair (BAR).
- 3) Clarifies that vehicle inspections may be completed on location, virtually, or remotely.
- 4) Specifies that TNC drivers that complete their first 10 trips within 28 days of the vehicle inspection are eligible for compensation for time spent completing the inspection.
- 5) Requires a TNC to compensate eligible drivers for the reasonable time spent completing a vehicle inspection at a rate of no less than 150 percent of the state-mandated minimum wage for all industries.

## **Background**

*Bill codifies several existing TNC vehicle inspection requirements.* Existing law authorizes the CPUC to regulate TNCs and establish requirements for TNC drivers. The CPUC has adopted TNC vehicle inspection requirement through several decisions in its ongoing TNC rulemaking (R. 12-12-011). Under these decisions, the CPUC requires TNC vehicles to be inspected by a mechanic affiliated with facility licensed by BAR before a driver uses the car to provide rides and every 12 months or every 50,000 mile, depending on which occurs first. This bill codifies existing requirements for TNC vehicles to receive an inspection prior to being used to provide TNC services. This bill also requires these inspections to be conducted using a mechanic affiliated with a BAR-licensed car repair shop. Existing regulations do not prohibit remote or virtual vehicle inspections; however, it is unclear how existing CPUC rules could be applied to virtual and remote

vehicle inspections. As a result, this bill may require the CPUC to revise its existing inspection requirements for TNCs and TNC drivers.

*Bill requires TNCs to provide compensation to certain drivers for time completing inspections.* This bill specifies that drivers who complete their first 10 rides within 28 days of their vehicle inspection are eligible for compensation for the reasonable time spent completing the vehicle inspection. This bill also requires TNCs to pay these eligible drivers at a rate no less than 150 percent of the state-mandated minimum wage for all industries. This compensation requirement may enable drivers who join a TNC after this bill's passage to obtain payment for their time completing a vehicle inspection to become a TNC driver.

*Disputes over TNC worker status pose challenges for compensation requirements.* This bill attempts to provide new TNC drivers with compensation for their time spent completing a vehicle inspection required to become a TNC driver. However, disputes about the worker status of TNC drivers makes achieving consensus about fair compensation for TNC drivers challenging. Currently, TNC workers are considered independent contractors under Proposition 22; however, litigation regarding the status and rights of TNC workers is ongoing. This bill attempts to balance the desire to provide TNC drivers with additional compensation for vehicle inspections with their current status as independent contractors.

### **Prior/Related Legislation**

AB 2716 (Grayson, 2022) would have established minimum TNC driver training requirements and required TNC to compensate drivers for completing the safety training. The bill was vetoed.

AB 880 (Oberholte, Chapter 618, Statutes of 2019) added human trafficking convictions to the list of felonies that disqualify a person from driving for a TNC and deleted outdated code.

AB 2986 (Cunningham, Chapter 286, Statutes of 2018) required TNCs to provide passengers with a driver's first name and picture, an image of the make and model of the vehicle, and the license plate number on its app.

AB 1289 (Cooper, Chapter 740, Statutes of 2016) required TNCs to conduct background checks for drivers and codified specific offenses that disqualify an individual from driving for a TNC, if the driver is convicted.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

**SUPPORT:**

California Chamber of Commerce  
Silicon Valley Leadership Group  
TechNet

**OPPOSITION:**

California Labor Federation, AFL-CIO  
California Teamsters Public Affairs Council  
United Food & Commercial Workers, Western States Council

**ARGUMENTS IN SUPPORT:** According to the author:

Thousands of Californians choose to earn money as a driver for a TNC's—some on a regular basis—and many on an intermittent and flexible basis. Regardless of the frequency, all are required to receive a vehicle inspection from a Bureau of Automotive Repair (BAR) certified facility annually.

“SB 429 will modernize the vehicle inspection requirement for TNC drivers. SB 429 would authorize drivers to meet existing vehicle inspection requirements by use of remote and virtual inspections, making work opportunities more accessible to drivers while ensuring drivers are compensated for the time taken to complete the inspection.

**ARGUMENTS IN OPPOSITION:** In opposition, the California Labor Federation states:

We appreciate that the author amended the bill to ensure compensation of drivers for their time for inspection if they meet certain criteria, which is an improvement on the current PUC requirements. However, the amendments fail to fully address our concerns that TNC drivers are denied the rights of employees. The bill fails to reimburse drivers for the biggest cost of all – the cost of the inspection – which can cost \$40 or more.

**-- END --**