Massachusetts Adopts Background Check System For Rideshare Companies

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On August 5, 2016, Massachusetts Governor Charlie Baker signed into law a bill governing gig economy rideshare companies such as Uber and Lyft – dubbed "transportation network companies" – which implements a novel new background check system, among other things. With this law, Massachusetts will join 34 other states that have passed comprehensive oversight for this new industry. The details of this compromise bill were hammered out between the House and the Senate at the eleventh hour, moments before Massachusetts's legislative session came to a close on July 31.

The law creates a "first in the nation" two-tiered background check system for rideshare drivers, including one check to be completed by the gig company and another to be completed by the state Department of Public Utilities (DPU). Drivers must pass both checks to operate legally in Massachusetts. Drivers' vehicles will also be subject to safety inspections over and above the required air emissions inspections for all Massachusetts vehicles.

Rideshare companies will be required to carry insurance coverage for their drivers when they are driving, but not the 24/7 commercial insurance that taxis are required to carry. Notably, the final bill did not include measures from the House proposal which would have prohibited on-demand pick-ups for riders at Logan Airport or the Boston Convention and Exhibition Center. Rideshare companies may now be able to negotiate with officials to pick up riders in these locations.

The law also imposes a 20 cent per ride fee that must be paid by the company and cannot be passed on to either the driver or the consumer. This fee will be split among cities and towns, the state, and a fund to "provide financial assistance to small businesses operating in the taxicab, livery, or hackney industries." The fee will sunset over the next ten years.

While many in the taxi and livery industries continue to insist that rideshare companies should be subject to the same regulations they are, Uber, Lyft, and Ride Safe Massachusetts, a coalition of taxi and livery car owners, have all come out in support of the new law. A spokesperson for Lyft has praised the law as "common sense legislation that sets high safety standards." Chris Taylor, the general manager of Uber Boston, expressed his gratitude to Governor Baker and the legislature for their "effort towards creating a framework that embraces an innovative industry that has changed the way the Commonwealth moves."

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It’s possible that this new background check law will be used as a model by other states that want to institute similar measures. We will monitor these developments and update the blog as the situation warrants.

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