

State of Arkansas
94th General Assembly
Regular Session, 2023

As Engrossed: H3/28/23

A Bill

HOUSE BILL 1237

By: Representatives L. Johnson, *J. Richardson*

By: *Senator J. Boyd*

For An Act To Be Entitled

AN ACT TO REGULATE THE BUSINESS OF VEHICLES FOR HIRE;
TO REQUIRE CERTAIN DISCLOSURES BY A BUSINESS ENGAGED
IN CARRYING PASSENGERS FOR HIRE; TO REQUIRE LIABILITY
INSURANCE COVERAGE FOR EACH TAXICAB, AUTOMOBILE, OR
SIMILAR VEHICLE USED FOR HIRE; TO AMEND THE LAW
REGARDING SELF-INSURANCE BY CERTAIN ENTITIES; AND FOR
OTHER PURPOSES.

Subtitle

TO REGULATE THE BUSINESS OF TAXICAB,
AUTOMOBILE, OR SIMILAR VEHICLE ENGAGED IN
CARRYING PASSENGERS FOR HIRE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 27-14-1501 is amended to read as follows:

27-14-1501. Liability insurance prerequisite to licensing.

(a)(1) ~~No~~ A license shall not be issued for any taxicab, automobile, or similar vehicle used for hire, nor shall these vehicles be operated or used in and upon the streets, roads, and highways of the State of Arkansas, within or without the corporate limits of any city or village, for the purpose of carrying passengers for hire unless there ~~shall have~~ has been filed with the Secretary of the Department of Finance and Administration a liability contract of insurance, or certificates of insurance, issued to the owner of the vehicle, ~~which~~.

(2) The liability contract of insurance or certificate of



insurance described in subdivision (a)(1) of this section shall be substantially:

(A) Substantially in the form of the standard automobile liability insurance policy in customary use, ~~to be approved;~~

(B) Approved by the secretary, ~~issued;~~ and

(C) Issued by an insurance company licensed to do business in the State of Arkansas.

(b) The policy under subsection (a) of this section shall secure payment ~~in accordance with~~ according to the provisions ~~thereof~~ of subsection (a) of this section to any person except employees or joint venturers of ~~the~~ an owner for personal injuries to that person and for any damage to property except property owned by, rented to, leased to, in charge of, or transported by the owner, other than baggage of passengers, caused by the operation of a taxicab, automobile, or similar vehicle used for hire for at least the minimum amounts prescribed for liability insurance under the Motor Vehicle Safety Responsibility Act, § 27-19-101 et seq.

(c)(1) In lieu of the policy of insurance, ~~an~~ the owner may file a bond by some solvent surety company licensed to do business in this state ~~or may file a bond by suitable collateral.~~

(2)(A) The bond ~~or collateral~~ shall be in the form approved by the secretary and shall be conditioned for the payment of property damage and personal injuries and shall be in an amount no less than ~~fifty thousand dollars (\$50,000)~~ two hundred fifty thousand dollars (\$250,000) for all claims for the operator's fleet, and uninsured motorist coverage shall not be required of the operators.

(B) If the bond ~~or collateral~~ becomes insufficient because of claims or any other reason, the operator shall have seven (7) days to restore it to the full amount or lose its bonded status.

~~(d) In lieu of the policy of insurance or bond, an owner may provide self-insurance as authorized under § 27-19-107.~~

~~(e)(1)(d)(1) No~~ A policy of insurance ~~may~~ shall not be cancelled by the licensee or by the insurance carrier unless written notice of the cancellation ~~shall have~~ has been mailed to the secretary.

(2) The written notice shall state the exact time and date of cancellation ~~to be not~~ no less than seven (7) days from the date of mailing.

(3) The mailing of notice shall be sufficient proof of notice,

and the effective date of cancellation stated in the notice shall become the end of the policy period.

~~(f)~~(e) ~~Any~~ An individual or corporation engaged in the operation of a taxicab, ~~etc.~~ automobile, or similar vehicle used for hire, as a common carrier of passengers for hire ~~who~~ that violates this section or ~~who~~ that procures, aids, or abets ~~any~~ an individual or corporation in violating this section shall, upon conviction, be guilty of a Class B misdemeanor.

~~(g)~~(1)(f)(1) Notwithstanding any other provision of state law, ~~any~~ a municipality in a county with a population in excess of two hundred thousand (200,000) that requires a franchise for taxicabs to operate within the corporate limits of the municipality may impose any insurance requirements desired by the municipality that shall be applicable to ~~any~~ a taxicab that operates within the municipality.

(2)(A) If a municipality imposes ~~such~~ additional insurance requirements on its taxicabs as described under subdivision (f)(1) of this section, it shall be unlawful for ~~any~~ a taxicab operator to operate a taxicab within the corporate limits of that municipality without meeting ~~such~~ the additional insurance requirements.

(B) ~~Any~~ A person found guilty or who pleads guilty or nolo contendere to a charge of violating this ~~subsection~~ subdivision (f)(2) shall be subject to a:

(i) ~~fine~~ Fine of not less than ~~one hundred dollars~~ (\$100) ~~nor more than~~ five hundred dollars (\$500) and not to exceed one thousand dollars (\$1,000); and

(ii) Sentence that shall not exceed ninety (90) days for a Class B misdemeanor.

(3) In addition to penalties that may be assessed against the taxicab operator, if the taxicab owner is a different person or entity, the owner shall be subject to a fine of not less than one hundred dollars (\$100) nor more than five hundred dollars (\$500).

(4) A municipality may, by ordinance, declare that an uninsured taxicab shall be subject to seizure and that a seized taxicab shall not be released until ~~such~~ insurance is in place.

(g) This subchapter does not apply to an entity providing services under the Transportation Network Company Services Act, § 23-13-701 et seq.

SECTION 2. Arkansas Code Title 27, Chapter 14, Subchapter 15, is amended to add an additional section to read as follows:

27-14-1503. Disclosures required – Definitions.

(a) As used in this section:

(1) "Affiliated person" means:

(A) Any officer, director, or partner of an applicant; and

(B) Any person owning or controlling more than five percent (5%) of the applicant's debt or equity;

(2)(A) "Applicant" means an entity engaged in the business of operating a taxicab, automobile, or similar vehicle used for hire.

(B) "Applicant" does not include an entity providing services under the Transportation Network Company Services Act, § 23-13-701 et seq.; and

(3) "Disclosure statement" means a notarized, written statement by the applicant that contains:

(A) A complete list of business names or identities under which the applicant has previously operated a business engaged in carrying passengers for hire;

(B) A complete list of names used by affiliated persons or owner of the applicant entity within the previous ten (10) years;

(C) The case style, case number, or a copy of a judgment entered or lien filed against the applicant or an affiliated person; and

(D) The case style, case number, or a copy of pleadings of any bankruptcy proceeding in which the applicant or an affiliated person was named as a debtor or a discharge of a debt against the applicant or an affiliated person was obtained.

(c) An applicant shall file a disclosure statement with the secretary annually.

(d) The secretary shall promulgate rules to implement this section.

SECTION 3. Arkansas Code § 27-19-107 is amended to read as follows:
27-19-107. Self-insurers.

(a)(1) A Except as described in subsection (d) of this section, a person or religious denomination may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the Office of Motor Vehicle as described in subsection (b) of this section if:

~~(1)(A)~~ The person is someone in whose name more than twenty-five (25) vehicles are registered in this state or any political subdivision or municipality of this state, individually or collectively; or

~~(2)(B)~~ The religious denomination:

~~(A)(i)~~ Has more than twenty-five (25) members who own motor vehicles registered in this state and prohibits its members from purchasing insurance of any form as being contrary to its religious tenets; or

~~(B)(i)(ii)(a)~~ Shares liability among members for liability insurance purposes.

~~(ii)(b)~~ The religious denomination described in subdivision ~~(a)(2)(B)(i)~~ (a)(1)(B)(ii)(a) of this section is considered an insurer for motor vehicle liability insurance purposes.

(2) A person or religious denomination under subdivision (a)(1) of this section shall apply for a certificate of self-insurance annually, using the form prescribed by the Office of Motor Vehicle, and provide proof of his, her, or its ability to pay judgments against them.

(b)(1) The Office of Motor Vehicle may, in its discretion, upon the annual application of the religious denomination, person, political subdivision, or municipality, individually or collectively, issue a certificate of self-insurance when it is satisfied that the religious denomination, person, political subdivision, or municipality is possessed and will continue to be possessed of ability to pay judgments against them.

(2) The certificate may be issued authorizing a religious denomination, person, political subdivision, or municipality, individually or collectively, to act as a self-insurer for either property damage or bodily injury, or both.

(c)(1) Upon not less than five (5) days' notice and a hearing pursuant to the notice, the Office of Motor Vehicle may, upon reasonable grounds, cancel a certificate of self-insurance.

(2) Failure to pay any judgment within thirty (30) days after the judgment ~~shall have become~~ is final shall constitute a reasonable ground for the cancellation of a certificate of self-insurance.

(d) A taxicab, automobile, or similar vehicle used for hire, as described under § 27-14-1501, shall not be a self-insurer.

SECTION 4. TEMPORARY LANGUAGE. DO NOT CODIFY. Rules.

(a) The Secretary of the Department of Finance and Administration shall promulgate rules necessary to implement this act.

(b)(1) When adopting the initial rules to implement this act, the final rule shall be filed with the Secretary of State for adoption under § 25-15-204(f):

(A) On or before January 1, 2024; or

(B) If approval under § 10-3-309 has not occurred by January 1, 2024, as soon as practicable after approval under § 10-3-309.

(2) The Secretary of the Department of Finance and Administration shall file the proposed rule with the Legislative Council under § 10-3-309(c) sufficiently in advance of January 1, 2024, so that the Legislative Council may consider the rule for approval before January 1, 2024.

/s/L. Johnson

APPROVED: 4/13/23