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2 94th General Assembly  
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4

As Engrossed: H3/28/23

# A Bill

HOUSE BILL 1237

5 By: Representatives L. Johnson, *J. Richardson*  
6 *By: Senator J. Boyd*  
7

## For An Act To Be Entitled

9 AN ACT TO REGULATE THE BUSINESS OF VEHICLES FOR HIRE;  
10 TO REQUIRE CERTAIN DISCLOSURES BY A BUSINESS ENGAGED  
11 IN CARRYING PASSENGERS FOR HIRE; TO REQUIRE LIABILITY  
12 INSURANCE COVERAGE FOR EACH TAXICAB, AUTOMOBILE, OR  
13 SIMILAR VEHICLE USED FOR HIRE; TO AMEND THE LAW  
14 REGARDING SELF-INSURANCE BY CERTAIN ENTITIES; AND FOR  
15 OTHER PURPOSES.  
16  
17

## Subtitle

18 TO REGULATE THE BUSINESS OF TAXICAB,  
19 AUTOMOBILE, OR SIMILAR VEHICLE ENGAGED IN  
20 CARRYING PASSENGERS FOR HIRE.  
21  
22  
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
25

26 SECTION 1. Arkansas Code § 27-14-1501 is amended to read as follows:  
27 27-14-1501. Liability insurance prerequisite to licensing.

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

36 (2) The liability contract of insurance or certificate of



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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 ~~(g)~~(1)(f)(1) Notwithstanding any other provision of state law, ~~any~~ a  
9 municipality in a county with a population in excess of two hundred thousand  
10 (200,000) that requires a franchise for taxicabs to operate within the  
11 corporate limits of the municipality may impose any insurance requirements  
12 desired by the municipality that shall be applicable to ~~any~~ a taxicab that  
13 operates within the municipality.

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

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

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

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

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

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

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

36

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

3 27-14-1503. Disclosures required – Definitions.

4 (a) As used in this section:

5 (1) "Affiliated person" means:

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

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

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

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

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

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

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

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

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

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

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

30  
31 SECTION 3. Arkansas Code § 27-19-107 is amended to read as follows:  
32 27-19-107. Self-insurers.

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

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

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

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

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

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

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

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

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

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

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

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

36

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*