

## **Motor Vehicle Division Policy Memo # 16-05**

### ***Class D – Chauffeur License-Transportation Network Company Drivers and Taxi Drivers***

**DATE:** December 31, 2016

**FROM:** Melissa Spiegel, Director, Office of Driver Services

**TO:** All Driver's Services staff, Iowa County Treasurers and County Treasurers' staff that issue driver's licenses.

#### **SUBJECT**

This policy memo explains legislation passed in 2016 (HF 2414) that establishes law regulating transportation network companies (TNCs) and their services. A TNC is a company that uses a digital network (typically a mobile app) to connect people searching for a ride with a driver who is available to provide a prearranged ride. Some examples of TNCs include Uber and Lyft. A limited piece of the legislation, and the focus of this policy memo, concerns the type of driver's license a TNC driver is required to have. This memo also addresses a legislative change that was made regarding the type of license a taxi driver is required to have.

#### **EXPLANATION**

A chauffeur license covers operation of light straight trucks and small passenger-for-hire vehicles as well as some vehicle operation that is exempt from commercial licensing, such as a farmer who is driving a farm truck-tractor semitrailer combination. The Class D – Chauffeur license must be issued with one of the three endorsements, listed below. The only type of chauffeur license affected by this legislation is the endorsement 3, commonly referred to as "D3".

- **Endorsement 1:** tractor-trailer combinations if a CDL farm exemption applies. An operator is required to pass General Knowledge exam and a driving test (and vision screening.)
- **Endorsement 2:** single-unit vehicles with a gross vehicle weight rating of 16,001 pounds or more up through a 26,000-pound gross vehicle weight rating. An operator is required to pass General Knowledge exam and a driving test (and vision screening).
- **Endorsement 3: passenger vehicles operated for-hire which carry less than 16 passengers. An operator is not required to pass a knowledge test as long as they already have a valid operator license, and no driving test is required if the customer has had a valid license and clear driving record for the previous two years.**

**What's changing?:** In 2016, state legislation amended Iowa Code section 321.1, "Definitions of words and phrases" to add two exceptions to the definition of chauffeur. The exceptions provide that a TNC driver is not considered a chauffeur. The law also amended the definition to provide that a taxicab driver having a seating capacity of less than seven passengers and not operating on a regular route to or between specified points is not considered a chauffeur. Therefore, neither a TNC driver nor a taxi cab driver (as defined above) will be required

to obtain a Class D – Chauffeur license, rather, either type of driver will be allowed to operate using a regular Class C - Operator license. **This legislation is effective January 1, 2017.**

**It is important to note that this legislation did not eliminate the Chauffeur license entirely and there will be some individuals who are still required to obtain a Chauffeur license with a “3” endorsement, as explained below.**

#### **LINK TO LEGISLATION**

Iowa Acts, 2016, House File 2414:

[https://www.legis.iowa.gov/docs/publications/LGE/86/Attachments/HF2414\\_GovLetter.pdf](https://www.legis.iowa.gov/docs/publications/LGE/86/Attachments/HF2414_GovLetter.pdf)

#### **HELPFUL QUESTIONS AND ANSWERS**

The following questions and answers provide additional information that will be helpful to you and to customers.

##### **WHAT TYPE OF LICENSE MUST A DRIVER OBTAIN IN ORDER TO OPERATE A TAXI CAB?**

After January 1, 2017, a taxi cab driver operating a vehicle with a seating capacity of less than seven passengers and not operating a regular route to or between specified points will only be required to have a regular Class C – Operator license. These taxi cab drivers will no longer be required to obtain a Class D - Chauffeur license.

##### **WHAT IF A TAXI DRIVER OPERATES A MINI-VAN OR OTHER VEHICLE WITH SEVEN SEATS TOTAL?**

The new exception added to Iowa Code section 321.1 states that a taxicab driver operating a vehicle with a seating capacity of *less than seven passengers* is not a chauffeur. In the example of a minivan with seven seats total, since one seat would be occupied the driver, the vehicle would only have a seating capacity of six passengers, and thus the driver of that vehicle would not be required to obtain a Class D – Chauffeur license. Generally, typical taxicabs and taxi-minivans have a seating capacity of less than seven passengers and will not require the driver to have a chauffeur license to operate them.

##### **WHAT TYPE OF LICENSE MUST A DRIVER OBTAIN IN ORDER TO OPERATE AS A TNC DRIVER?**

A TNC driver is only required to have regular Class C - Operator license. A TNC driver, unlike a taxi driver, is not limited to operating a vehicle with a seating capacity of less than seven passengers with a Class C – Operator license.

##### **WHY IS THERE A PASSENGER LIMIT FOR TAXICAB DRIVERS BUT NOT FOR TNC DRIVERS?**

The legislation created a new chapter in Iowa law (321N) specifically for TNCs and requires Iowa TNCs to submit proof of certain requirements in order to obtain a permit from the Iowa DOT (issued by the Office of Vehicle & Motor Carrier Services). The legislation did not specify a passenger limit for TNC drivers; however, companies will be required to conduct rigorous background checks on all their drivers, and their drivers are required to use personal vehicles to offer prearranged rides. Taxicab drivers have long been required to obtain a chauffeur license; however, in an effort to even the playing field with TNC drivers, the legislation granted an exception to the requirement to obtain a chauffeur license for taxicab drivers operating vehicles with less than seven passengers.

**DID THE PASSENGER REQUIREMENT FOR OBTAINING A COMMERCIAL DRIVER’S LICENSE (CDL) CHANGE?**

No, this law did not change when an individual transporting 16 or more persons must obtain a CDL. A Class C Commercial Driver’s License (CDL) is still required to operate a passenger vehicle designed to transport 16 or more passengers (including the driver).

**WILL ANYONE BE REQUIRED TO OBTAIN A CHAUFFEUR LICENSE AFTER THIS LAW TAKES EFFECT?**

Yes, there will still be individuals who are required to obtain a chauffeur license after January 1, 2017. All three chauffeur license endorsements (listed above) will remain in use. Individuals other than TNC drivers will still need to obtain a chauffeur license with a “3” endorsement to operate passenger vehicles for-hire if they are operating a vehicle with a seating capacity of seven or more passengers on a regular route between two specified points. A couple of examples of this are passenger vehicles used by daycares (with seven or more passengers but less than 16) or possibly smaller shuttle vehicles going between a hotel and an airport. The requirements for individuals who still need to obtain a chauffeur license have not changed.

**MUST A TAXI DRIVER WHO IS RENEWING THEIR LICENSE SWITCH TO A CLASS C – OPERATOR LICENSE?**

A taxicab driver who operates a vehicle with a seating capacity of less than seven passengers, and currently holds a Class D – Chauffeur license, is not required to renew their Class D license. They can switch to a Class C – Operator license if they wish. One consideration for switching to a Class C – Operator license from a Class D – Chauffeur license may be the cost. A Class C – Operator license costs \$4.00 per year versus a Class D - Chauffeur license, which costs \$8.00 per year.