

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 740

(Senator Kramer)

Finance

Environment and Transportation

Transportation Network Companies - Deactivation of Operators

This bill requires a transportation network company (TNC) to maintain and apply a written deactivation policy, as specified, that provides the policies and procedures for the deactivation of transportation network operators, including an internal appeal procedure. **The bill takes effect January 1, 2027.**

Fiscal Summary

State Effect: None. The bill does not materially affect State finances or operations.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Written Deactivation Policy Required

A TNC must (1) maintain a written plain-language deactivation policy that provides the policies and procedures for the deactivation of operators and (2) make the policy available online through the company's digital network application. The deactivation policy must:

- state that the deactivation policy is enforceable as a term of the TNC's contract with the operator;

- define “serious misconduct” and specify that serious misconduct includes (1) refusal to provide transportation network services for any reason related to a potential passenger’s disability, including the use of a mobility aid or travel with a service animal and (2) any other conduct that would constitute an act of apparent discrimination under federal or State law;
- include a nonexhaustive list of examples of conduct that constitutes serious misconduct under the deactivation policy;
- provide the operator with a reasonable understanding of what may constitute a violation that warrants deactivation under the policy;
- describe the procedures for notifying an operator of a deactivation and the reason for the deactivation;
- describe the procedures and eligibility criteria for the reconsideration of a deactivation decision and the process, consistent with specified requirements, for an operator to request a deactivation appeal with the TNC; and
- be specific enough for an operator to understand what constitutes a violation of the policy and how to avoid violating the policy.

“Deactivate” or “deactivation” means an action by a TNC to permanently change an operator’s account status from eligible to provide transportation network services to ineligible to provide transportation network services.

A TNC may not deactivate an operator for a violation not reasonably understood to be part of the TNC’s deactivation policy. A TNC may not rely solely on a passenger report as the basis for deactivation, unless the report:

- was submitted within 14 days after the date of the alleged incident; or
- involves (1) an alleged violation of a federal or State law; (2) an alleged violation of the TNC’s nondiscrimination policy; (3) an alleged act of fraud, as specified, including deliberately increasing the time or distance of a passenger trip; or (4) operator, road, or personal safety.

Procedures for Deactivation

Generally, a TNC must provide an operator with written notice of a deactivation on the date deactivation becomes effective. In the case of serious misconduct, the written notice must be provided within three days after the deactivation. A written notice must include (1) the reason for the deactivation; (2) information on the operator’s right to appeal the deactivation; and (3) instructions for an operator to appeal the deactivation.

A TNC must allow an operator whose account is deactivated to withdraw earnings that accrued before the deactivation unless (1) the TNC reasonably believes that a portion of

the earnings are connected to criminal or fraudulent conduct, or (2) the withdrawal would violate a federal or State law.

Procedures for Appeal

A deactivation policy must include an appeals process for an operator to appeal a deactivation. An operator who is deactivated by a TNC has the right to appeal the deactivation beginning on the date the operator receives notice of the deactivation. The appeals process must provide an operator with at least 30 days to appeal the deactivation and an opportunity to provide the TNC, or a third party chosen by the TNC to assist in the process, with information to support the appeal.

Generally, a TNC must review and make a final decision on an appeal within 15 days after receipt of the appeal and any information the operator provides to support the appeal. Either the TNC or the operator may request an additional 15 days to review and make a final decision on an appeal or provide supporting information, as appropriate. A TNC must consider all information provided by the operator during the appeals process. For an appealed deactivation to be upheld under the appeal process, a TNC or a third party must determine that under the totality of the circumstances there is evidence to find that it is more likely than not that a violation of the deactivation policy has occurred.

Applicability

The bill does not apply to an operator's loss of access to a TNC's digital network application if the loss of access (1) is contingent on an operator's compliance with a license, insurance, or a regulatory requirement; (2) was implemented by the TNC for a legitimate financial, business, or economic reason and not related to the operator's conduct; (3) is able to be resolved through unilateral action by the operator; or (4) is the result of access restrictions due to inclement weather or network outages.

Current Law: Chapter 204 of 2015 established a regulatory framework for transportation network services that encompasses TNCs (*i.e.*, companies such as Uber and Lyft) and transportation network operators (*i.e.*, the drivers), including licensing, criminal history records checks, insurance requirements, and assessments. A TNC may not operate in the State unless the Public Service Commission (PSC) has issued a permit to the company. Generally, a transportation network operator may not provide transportation network services unless PSC has authorized the operator to operate on a provisional basis or has issued a valid temporary or permanent transportation network operator's license to provide transportation network services. Neither statute nor regulations require or otherwise specifically address transportation network operator deactivations and appeals.

PSC must adopt regulations to ensure that TNCs and operators are making reasonable efforts to make transportation network services accessible to all people, including individuals with disabilities.

“Transportation network company” means a company that operates in the State using a digital network to connect passengers to transportation network operators or transportation network partners for transportation network services.

“Transportation network operator,” “transportation network partner,” or “transportation network driver” means an individual who:

- has been issued a transportation network operator’s license or is otherwise authorized, by PSC to provide transportation network services;
- receives, through a TNC’s digital network application, a connection to a potential passenger to transport the passenger between points chosen by the passenger in exchange for the payment of a fee to the TNC; and
- uses a motor vehicle that is owned, leased, or otherwise authorized for use by the individual and is approved for use in providing transportation network services by PSC.

“Transportation network services” means the activities of an operator during:

- transportation network coverage period one, during which the operator is logged onto and ready to accept a prearranged ride request made through a TNC’s digital network application;
- transportation network coverage period two, during which the operator accepts a ride request from a passenger that is prearranged through a TNC’s digital network application, and is traveling to a predetermined location to pick up the passenger; and
- transportation network coverage period three, during which the operator transports the passenger and continuing until the passenger departs the motor vehicle.

“Transportation network services” does not include:

- providing taxicab services, sedan services, or limousine services;
- any shared expense carpool arrangement or service or other type of arrangement or service in which a driver receives a fee that does not exceed the driver’s costs associated with providing a ride; or
- transportation services that a nonprofit organization provides through the use of a volunteer driver and the volunteer driver’s personal vehicle.

Small Business Effect: Transportation network operators potentially benefit from the deactivation appeal rights and related processes established by the bill. TNCs are generally not small businesses.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 747 and HB 1030 of 2025.

Designated Cross File: HB 480 (Delegate Fennell, *et al.*) - Environment and Transportation.

Information Source(s): Public Service Commission; Maryland Insurance Administration; Judiciary (Administrative Office of the Courts); Maryland Department of Transportation; Maryland Municipal League; Department of Legislative Services

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