

TESTIMONY BY:

JADE T. BUTAY DIRECTOR

Deputy Directors LYNN A.S. ARAKI-REGAN DEREK J. CHOW ROSS M. HIGASHI EDWIN H. SNIFFEN

STATE OF HAWAII DEPARTMENT OF TRANSPORTATION

869 PUNCHBOWL STREET HONOLULU, HAWAII 96813-5097

February 20, 2020 11:00 A.M. State Capitol, Room 308

H.B. 2002, H.D. 2 RELATING TO TRANSPORTATION NETWORK COMPANIES

House Committee on Finance

The Department of Transportation (DOT) **supports** H.B. 2002, H.D. 2 which establishes requirements and permitting procedures for transportation network companies operating in the State.

The DOT believes transportation options are a good thing for the communities we serve, and that the demand is apparent. The DOT also believes the regulations the bill provides will ensure the public is safe using these options.

The DOT currently runs statewide motor vehicle enforcement programs and is confident it can manage an oversight program on transportation network companies, which is similar to other State's that issue permits and conduct audits that ensure proper documentation and passenger safety.

Thank you for the opportunity to provide testimony.

DEPARTMENT OF CUSTOMER SERVICES CITY AND COUNTY OF HONOLULU

MISSION MEMORIAL BUILDING 550 SOUTH KING STREET, HONOLULU, HAWAII 96813

50 SOUTH KING STREET, HONOLULU, HAWAII 96813 TELEPHONE: (808) 768-3392 FAX: (808) 768-1591 http://www.honolulu.gov

KIRK CALDWELL MAYOR



SHERI T. KAJIWARA DIRECTOR

RANDY M. LEONG DEPUTY DIRECTOR

February 19, 2020

The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
and Members of the Committee on Finance
The State House of Representatives
State Capitol, Conference Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke and Members of the Committee on Finance:

SUBJECT:

H.B. No. 2002, H.D. 2

Relating to Transportation Network Companies

H.B. No. 2002, H.D. 2, establishes rules, regulations, and permitting procedures for transportation network companies operating in the State. Furthermore, it makes permanent insurance requirements for transportation network companies and transportation network drivers. The Department of Customer Services (CSD) **supports H.B. No. 2002, H.D. 2.**

The City's attempt to apply umbrella rules that cover both taxi operations and transportation network companies were challenging, and resulted in fractured and inconsistent operations, especially in the areas of insurance requirements, fee transparency and applicable caps, trade dress, and digital vs metered operations.

Taxi companies operate locally and the application of individual county rules are clear. TNCs operate with the same system on all islands, yet the rules on each island differ, which is confusing for the public as they traverse from island to island.

H.B. No. 2002, H.D. 2 attempts to address these major concerns, creates uniform rules, and strengthens the management of the industry.

Thank you for this opportunity to provide testimony in support of the intent of H.B. No. 2002, H.D. 2.

Sincerely,

Sheri T. Kajiwara

Director

Testimony of Hawaii Passenger and Property Carriers Association on

H.B. No. 2002, H.D.2 Relating to Transportation Network Companies

Committee on Finance
Thursday, February 20, 2020, 11:00 a.m.

Room 309

My name is Deems Narimatsu, representing the Hawaii Passenger and Property Carriers Association (HIPPCA), testifying in support of H.B. No. 2002, H.D.2, with suggested amendments. H.B. No. 2202, H.D. 2, proposes to establish a regulatory structure for transportation network companies (TNC). However, that regulatory structure needs clarification and revision for the protection of consumers.

Like motor carriers and taxis, TNCs engage in the transportation by motor vehicle of passengers for compensation. H.B. No. 2002, H.D.2, declares that a transportation network company and the transportation network company drivers as independent contractors" do not have an employer-employee relationship and establishes the requirements for the regulation of TNCs and TNC drivers.

HIPPCA requests that the following amendments be made to H.B. No. 2202, H.D.2, to clarify ambiguities that the bill creates and to strengthen the regulatory requirements.

1. Section -3 declares that "neither a transportation network company nor a transportation network company driver shall be deemed to be a common carrier by motor vehicle, a contract carrier by motor vehicle, a motor carrier as defined in section 271-4, a taxicab, or a for-hire vehicle service."

However, under the Motor Carrier Law (Chapter 271), a "contract carrier by motor vehicle" means any person that engages in transportation by motor vehicle of passengers... for compensation ...under continuing contracts with one person or a limited number of persons either: for the furnishing of transportation services through the assignment of motor vehicles for a continuing period of time to the exclusive use of each person served..."

H.B. No. 2002, H.D.2 also declares that a TNC driver is "an independent contractor, and not an employee of a transportation network company" As an independent contractor, the driver would be considered "contract carrier by motor vehicle" under the Motor Carrier Law, which mandates that "no person shall "...engage in the transportation of persons or property, for compensation or hire, by motor vehicle, over any public highway of this State unless there is in force with respect to the person a certificate or permit issued by the public utilities commission authorizing the transportation (section 271-8, HRS).

The question is: "Why are TNC drivers, who are independent contractors of a TNC engaging in the transportation by motor vehicle of passengers for compensation not considered contract carriers by motor vehicles engaging in the transportation by motor vehicle of passengers for compensation under the Motor Carrier Act.

Section -3 should be deleted or it and Chapter 271 revised to remove any ambiguities.

- 2. Add to the requirements for a TNC driver listed in H.B. No. 2002, H.D.2:
 - A copy of the applicant's current general excise tax license;
 - The individual's certified abstract from the traffic violations bureau; and
 - A certificate from a physician who is selected by the individual which attests that the individual is free of any known medical condition that would put a passenger at risk.
- 3. H.B. No. 2002, H.D.2, requires the transportation network company or a thirdparty commercial background check company to conduct a national and local criminal background check of each TNC driver applicant and each driver.

H.B. No. 2002, H.D.2, should be amended to require that a criminal history background check of each driver applicant be done in accordance with section 846-2.7, which provides for the performance of criminal history background checks by the Hawaii Criminal Justice Data Center, and allows the TNC to pass on the cost of the criminal history record checks to the applicant. Section 846-2.7 requires the TNS to notify the driver applicant that the applicant is subject to a criminal history record check, which includes retention of fingerprints by the criminal justice data center and submission to the Federal Bureau of Investigation for national criminal history record check.

With these amendments, we support H.B. No. 2002, H.D.2.

Thank you for the opportunity to submit testimony on this legislation.

Testimony of Robert Toyofuku, on behalf of Uber Technologies, Inc., in support of most provisions in HB 2002, HD 2

February 20, 2020

To: Chairperson Sylvia Luke and Members of the House Committee on Finance:

My name is Bob Toyofuku and I am the Government Affairs Consultant for Uber Technologies, Inc. ("Uber") in Hawaii. I am submitting this testimony on behalf of Uber in support of most of the provisions in HB 2002 HD 2 relating to Transportation Network Companies. Uber supports the original HB 2002 which contain the basic and necessary provisions to operate statewide.

The Uber app facilitates Transportation Network Company (TNC) services. This provides flexible earnings opportunities for thousands of small business owners across Oahu, Maui, Big Island, and Kauai. Our technology platform connects local, independent drivers, with Hawaii residents and visitors. These independent drivers complete millions of trips every year throughout Hawaii, via the Uber platform.

The basic HB 2002 would provide uniform regulations for TNC operations throughout all of Hawaii. TNC driver screening and other operating requirements are currently only mandated for Honolulu County, under ROH Chapter 12. TNC insurance regulations are mandated by HRS 431:10C-703 and TNC airport operations are subject to HAR Title 19, Chapter 20.1.

HB 2002 would ensure TNC driver screening and other operating requirements are mandated for all islands throughout Hawaii, not just the City and County of Honolulu. The provisions of HB 2002 are very similar to the current requirements of Honolulu ROH Chapter 12 and mandate background screenings for all drivers. These screenings include criminal background checks on all potential drivers. These checks must search federal, state, and local databases as well as the Sex Offender Public Registry Website. Driver Motor Vehicle Record (MVR) checks are also included. Various other TNC operating requirements are also addressed, including operating permits, fare transparency, driver and vehicle

identification, receipt requirements, non-discrimination and accessibility policies, record retention, and audit provisions. The original version of the bill is very similar to the bill that is currently in conference committee; namely, HB 1093, HD 2, SD 1. However, this bill also contains some changes that were discussed during the interim last year with both TNCs and the Department of Transportation (DOT). The primary roles of the DOT are to issue permits and to do an annual audit.

The HD 1 and the HD 2 included the following subsections which Uber feels are not necessary and were introduced in testimony by Hawaii Passenger and Property Carriers Association.

Subsection – 2 on pages 3 and 4 provides the DOT with specific authority to enforce the regulations and rules if promulgated. Uber feels that this is superfluous and not necessary. It is understood that the DOT and its director has the authority to enforce the regulations. Further, subsection – 14 on pages 13 and 14 provides for an audit and inspection of records and allows the DOT to respond to specific complaints.

Subsection – 12 on pages 11 and 12 attempts to include a provision regarding unfair trade and deceptive Acts and law into this regulation bill. The Hawaii Revised Statutes already provides for this in Chapter 480 and the DOT should not be the agency which decides this violation. It should remain with the courts and the Judiciary if there is any violation and a citizen or the State decides to bring an action for a violation of this law. Uber requests that this subsection be deleted as inappropriate in this regulation bill.

Subsection – 15 on pages 14 – 16 appears to be an attempt by opponents to create added responsibilities similar to a court proceeding when any person has reason to believe that the regulation or rules have been violated. Uber feels this is not necessary as the DOT has the right to audit and oversee the provisions of his chapter. It is the prerogative of the legislature to recognize the different model that the TNCs utilize and the fact that this basic oversight has worked well in the city and county

of Honolulu does not necessitate this particular subsection. Uber requests that this subsection be deleted as well.

I thank the Committee for the opportunity to provide this testimony.

WRITTEN TESTIMONY OF TRACILEE OF LYFT

H.B. No. 2002, H.D.1 Relating to Transportation Network Companies
House Committee on Finance

Feb. 20, 2020 11 AM in House conference room 308.

Chair Luke, Vice Chair Cullen, and Committee Members,

My name is Traci Lee, and I am a Senior Public Policy Manager for Lyft, responsible for Lyft's policy and government relations in Hawai'i. Lyft **supports, if amended,** House Bill 2002 HD2, which creates a statewide regulatory structure for ridesharing that will allow Lyft to expand throughout Hawai'i.

Lyft was founded in 2012 with the mission of reconnecting communities through better transportation and making our cities more livable. Lyft is an online ride-sharing application that connects people with efficient, friendly and safe drivers in their community. At a basic level, Lyft was created as an alternative to personal car ownership, and we make it easier for people to offer their neighbors a ride and help people carpool more efficiently.

In Hawai'i, Lyft has been a transportation option on Oahu since June 2014, and available on Big Island, Maui, and Kauai since March 2017. We currently operate at six airports across the four islands, as well as at Honolulu Harbor. Lyft service enhances transportation options for locals and tourists alike provides people another transportation choice. As of this year, 46 states across the country have passed statewide rideshare legislation, like HB 2002 HD2, that regulates Lyft in a safe and comprehensive manner. Most recently, Vermont and Louisiana were the 45th and 46th states, respectively, to pass such legislation regulating transportation network companies ("TNCs"). We hope that Hawai'i can join other states in allowing consumers to have the ability of choosing Lyft across the islands.

We are proud that Lyft is more than just a ridesharing application-- it is also a unique and flexible economic opportunity that allows anyone with a car to be an entrepreneur who can set a schedule according to their terms. In fact, almost 94% percent of Lyft drivers in Hawai'i drive less than 20 hours per week. The Lyft driver community is made up of retirees, single parents, students, folks trying to get around, and families looking to earn extra income. In Hawai'i, Lyft drivers span a diverse cross-section of the community-- 22% of drivers are veterans, 26% are over the age of 50, 22% are female, and 23% speak a language other than English at home.

Along with these community and economic benefits, we believe that Lyft is contributing to a more sustainable Hawai'i. Indeed, over 80% of cars on the road have only one occupant. 39% of riders have used a Lyft service to get to or from public transit, and 47% of riders who have access to a personal use that car less because of Lyft. By getting a Lyft instead of driving their cars, Hawaiians are not just saving time, they are

reducing congestion, freeing up parking, making more efficient use of existing roads, and with this bill, supporting sustainable transportation infrastructure.

Statewide legislation is a path towards providing consumers, drivers and visitors a consistent experience with Lyft. Through HB 2002 HD2, we urge this committee to support establishing the clear, workable regulatory framework that can be applied to all ridesharing companies regardless of size and cities of operation to ensure that safe, reliable and affordable rides are available for all in Hawai'i.

Lyft does have some amendments that are respectfully requested to HB 2002 HD2, which are attached to this testimony. Thank you for your consideration of Lyft's testimony in support, if amended, of HB 2002 HD2.

Lyft Suggested Amendments to HB 2002 HD2

Lyft offers the following suggestions for changes to HB 2002 HD2:

 In Section 2, Lyft suggests amendments to remove language that would be duplicative of that covered in the audit provision in Section 14.

§2 Director of transportation; authority.

The director shall have full authority to:

- (1) Enforce this chapter and any rules relating to transportation network companies and transportation network drivers:
- (2) Investigate the actions of any person or organization acting in the capacity of a transportation network company driver; and (3) Inspect the records of a transportation network company to verify that the company complies with the requirements of this chapter.
- In Section 7, Lyft suggests amendments to clarify language used regarding TNC collection of vehicle information and vehicle registration. First, in section (a) TNCs do not use vehicles; drivers do. Moreover, TNCs cannot "certify" information; rather, TNCs can collect it. The term "certified" is a legal term and would require TNCs to actually attest to the truth of the information, under penalty of perjury. TNCs can collect information and require that a driver provide it, but TNCs cannot be required to swear to the veracity of the information. This would be up to the issuing agency (i.e DMV). Instead, the required collection of such information should be deemed sufficient to very vehicle eligibility.

Second, for subsection (3), Lyft requests to strike the clause "in the name of the driver" as an individual does not need to have the vehicle registered in his or her name in order to use it to drive on the Lyft platform, so long as he or she has permission to use it. For example, this could affect a wife who drives with Lyft if the vehicle is registered to the husband and not the wife. Further, drivers are not required to own the vehicles they use for Lyft as rental cars are allowed. Drivers would not have a rental car registered to them.

Third, for subsection (4), it does not appear that Hawaii Revised Statutes provide an expiration date for license plate numbers.

§7 Transportation network company vehicles; certification.

- (a) No vehicle may be used on by a transportation network company's digital network unless the company has collected the following information certified, for each vehicle:
 - (1) The vehicle identification number;
 - (2) The registered owner's full legal name;
 - (3) Proof of registration for the motor vehicle in the name of the driver;
 - (4) The license plate number and expiration date;
 - (5) A copy of the Proof of current Hawaii vehicle safety inspection certificate, as required by § 286-26 and date of the annual inspection for the motor vehicle; and
 - (6) Proof of insurance.
- (b) Annually, a transportation network company shall request updated information to ensure that each vehicle used on the company's digital network has current proof of registration and a current Hawaii vehicle inspection certificatethe driver has renewed the vehicle's annual registration and passed the annual safety inspection. The A transportation network company shall suspend a driver's access to its digital network or software application service upon discovery that the vehicle a driver is utilizing on the digital network does not meet the requirement of this paragraph. of a driver's failure to renew the vehicle's annual registration or vehicle safety inspection. Access to its digital network or software application service may be restored upon the driver's submission of documents confirming the renewal of the vehicle's annual registration and passing thecurrent Hawaii vehicle inspection certificate annual safety inspection. (c) No vehicle may be recertified unless all outstanding penalties assessed against the driver operating the vehicle being recertified are paid in full to the director.
- In Section 11(d), Lyft suggests a minor technical amendment.

§11 Transportation network company driver requirements.

- (d) A transportation network company shall not be deemed to control, direct, or manage the transportation network company vehicles or transportation network company drivers that connect to its digital network, unless a written contract expressly provides otherwise
- In Section 12, Lyft suggests an amendment to capture bad faith misrepresentations. Additionally, Lyft is already subject to section 480-2, so we removed paragraph (b) as an individual can bring suit under that act. Further, paragraph (c) is duplicative of Section 2, above.

§12 Unlawful operation; revocation or suspension or registration; suits by persons injured.

- (a) The director may revoke or suspend the registration of a transportation network company upon determining that the company has:
 - (1) Engaged in unfair or deceptive business practices prohibited by section 480-2:
 - (2) Engaged in any dishonest, fraudulent, or deceitful act;
 - (3) Intentionally misrepresented any material fact in obtaining registration; or (3)(4) Violated any of the provisions of this chapter.
- (b) Any person who is injured by any unfair or deceptive act or practice prohibited by section 480-2 or by any provision of this chapter may bring proceedings to enjoin the unlawful practices and shall be awarded reasonable attorney's fees together with the costs of suit.
- In Section 15, Lyft suggests an amending and striking certain language to streamline authority in accordance with Hawaii's Administrative procedures Act for administrative hearings.

§15 Complaints; investigation and examination.

- (a) Any person having reason to believe that this chapter or the rules adopted pursuant thereto have been violated, or that the registration of a transportation network company under this chapter should be suspended or revoked, may file a written complaint with the director setting forth the details of the alleged violation or the grounds for suspension or revocation.
- (b) In investigating any specific complaints against a transportation network company the director shall have full authority to conduct any investigations, examinations, and hearings conducted in accordance with Chapter 91.of any violations or complaints arising from the operations of transportation network companies or a specific complaint against a transportation network company driver. The director may:
 - (1) Direct, subpoena, or order the attendance of, and examine under oath, all persons whose testimony may be required about the operations of a transportation network company or complaint against a driver;
 - (2) Direct, subpoena, or order the production of books, accounts, files, and other documents the director deems relevant to the inquiry;
 - (3) Interview the officers, directors, employees, drivers, independent contractors, agents, and customers of the company subject to this chapter; and
 - (4)Hold hearings.
- (c) To carry out the purposes of this section, the director shall have full authority to:
 - (1) Retain attorneys, accountants, or other professionals and specialists, who may be exempt from chapter 76, as examiners, auditors, or

investigators to conduct or assist in the conduct of examinations or investigations; and

- (2) Use, hire, contract, or employ publicly or privately available analytical systems, methods, or software to examine or investigate the company or person subject to this chapter.
- (d) The director shall have full authority to charge an examination or investigation fee, as established by rule, based upon the cost per hour per examiner for all transportation network companies and persons subject to this chapter who are examined or investigated by the director.
- (e) Unless otherwise provided by chapter 92F, the government records of any investigation or examination arising from a complaint of a violation of this chapter shall be made public only after a hearing.
- In Section 16, Lyft suggests the following amendments to the effective date of certain sections.

§ 16 Uniform statewide regulation.

- (a) This chapter shall apply uniformly throughout the State and in all political subdivisions of the State.
- (b) This chapter shall supersede any ordinance or other rule adopted by a political subdivision that specifically governs transportation network companies, transportation network company drivers, or transportation network company vehicles, including those adopted before the effective date of this chapter."

SECTION 3. Act 236, Session Laws of Hawaii 2016, is amended by amending section 6 to read as follows:

"SECTION 6. This Act shall take effect upon its approval; provided that section 2 of this Act shall take effect on September 1, 2016[, provided further that this Act shall be repealed on September 1, 2021]."

SECTION 4. Statutory material to be repealed is bracketed and stricken. SECTION 5. This Act shall take effect upon its approvalen July 1, 2050.

HB-2002-HD-2

Submitted on: 2/19/2020 4:56:20 PM

Testimony for FIN on 2/20/2020 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Sicard	Lyft	Support	No

Comments:

Testimony:

Aloha to the members of the committee addressing HB2002 on regulating Transportation Network Companies. Lyft has been a huge boost for me over the last 2+ years that I have been giving rides. It is my primary source of income, and most importantly it is independent and flexible work. I am nearly 60 years old and proud to say that next year I'll be graduating from the University of Hawaii -- all the while I was able to drive Lyft around my schedule.

Also, six years ago I was severely injured in an accident. I went from a wheelchair, to a walker, to a cane and now can walk again. However, for six years I was unable to do business or office work given certain manual labor aspects. This has been a wonderful transition for me, and I will continue to be an advocate within the community for how this can positively impact our lives.

From a resident of Maui, please consider my story when making this policy and legislating rideshare. I would encourage the committee to ensure that the regulations are uniform across the islands so that all drivers and passengers can have the same efficient experience.

Sincerely,

Kathleen Sicard

Maui Resident

808-298-7373

Email: Mondays2010@hotmail.com



February 20, 2020

TESTIMONY BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION ON HB 2002 HD2 RELATING TO TRANSPORTATION NETWORK COMPANIES

Aloha Chair Luke, and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with 400 members involved with the commercial ground transportation industry.

HTA believes this bill warrants some amendments.

A driver is THE most critical factor in providing a safe ride and a proper preemployment investigation is the way to ensure the candidate is desirable.

A driving abstract indicates a driver's awareness and care for safe driving and adherence to traffic laws. A physician's certificate would support a reasonable expectation of reliable physical health to safety operate a vehicle.

Documents such as these should be considered as imperative requirements to be added to § -11Transportationnetworkcompanydriver requirements.

Additionally, proof of compliance with the Tax Department's general excise tax license, and registration as a business with the Department of Commerce and Consumer Affairs of all business entities, and that is what an independent contractor is.

Mahalo.

Testimony of Roberts Hawaii, Inc

on

H.B. No. 2002, H.D.2 Relating to Transportation Network Companies

Committee on Finance Thursday, February 20, 2020, 11:00 a.m. Room 308

My name is Roy Pfund, President of Roberts Hawaii and I am testifying in strong opposition to H.B. No. 2002, H.D.2, which proposes to establish a statewide permitting process for transportation network companies.

We need to step back and take a comprehensive look at what this legislation is attempting to create for the TNC companies, namely Uber and Lyft. These two TNC companies want to monopolize the taxi and ride sharing transportation market in Hawaii by passing legislation that effectively provides them with privileged operating advantages that the taxis and PUC regulated passenger carriers do not have.

What are these privileged operating advantages?

- 1. The ability to operate outside of existing Motor Carrier Act definition of a contract carrier. The TNC drivers fall squarely under the legal definition of a contract carrier thus should be regulated by the PUC.
- 2. The ability to operate with insurance coverage standards that are less than comparable public liability coverage for taxis and PUC regulated operators
- 3. The ability to charge the public any fare amount that can be extracted based on passenger demand at time of day or location. Rates and fares can fluctuate greatly within a given day, as opposed to the set fare structures that taxi and PUC regulated operators must follow and must seek approval to increase.
- 4. The ability to operate outside of the scope authority of the Consumer Advocate, the State Tax Office and the Department of Transportation regulatory bodies that would help to ensure that the TNC contract drivers are paying comparable fees and taxes that the taxi and PUC companies must pay.

Uber and Lyft's IPO's have provided them with billions of dollars to further expand their hold on Hawaii's transportation market. This money will be used to continual squeeze the local taxi and PUC companies out of business with the proposed unfair privileged operating advantages. How will Uber and Lyft pay back their investors? Clearly, this will come from the monopoly pricing and profits that they will be able to derive from markets like Hawaii once they have driven the local companies out of business. We need to prevent TNC's from gaining privileged operating advantages by opposing this bill.

Thank you for allowing me to submit testimony on this proposed legislation.

HB-2002-HD-2

Submitted on: 2/19/2020 5:01:28 PM

Testimony for FIN on 2/20/2020 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Jones	Individual	Support	No

Comments:

Aloha to the members of the committee. I am writing instead of attending the hearing of HB2002 in person as a resident of Kauai. I have been living on Kauai for nearly 10 years and on Oahu for about 5 years prior. I have been able to enjoy my retirement while driving 2-3 times a week to get out of the house, make a little extra money, and ensure my wife and I are comfortable. I enjoy engaging my customers and allowing everyone a comfortable and reliable ride. I love that Lyft and rideshare help to build community amongst locals and tourists, and I sincerely look forward to expanding the regulations across all of the islands while growing the business on Kauai.

Robert Jones