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**LATE**

**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

January 31, 2020  
10:00 a.m.  
State Capitol, Room 423

**H.B. 2002**  
**RELATING TO TRANSPORTATION NETWORK COMPANIES.**

House Committee on Transportation

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The Department of Transportation (DOT) **supports** H.B. 2002 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.



**SanHi**

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: January 30, 2020

TO: Representative Henry Aquino  
Chair, Committee on Transportation  
*Submitted Via Capitol Website*

FROM: Mihoko Ito

RE: **H.B. 2002 - Relating to Transportation Network Companies**  
**Hearing Date: Friday, January 31, 2020 at 10:00 a.m.**  
**Conference Room: 423**

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Dear Chair Aquino and members of the Committee on Transportation:

We offer this testimony on behalf of the Consumer Data Industry Association (CDIA). Founded in 1906, CDIA is the international trade association that represents more than 100 data companies. CDIA members represent the nation's leading institutions in credit reporting, mortgage reporting, fraud prevention, risk management, employment screening, tenant screening and collection services.

CDIA **submits comments** on H.B. 2002, Relating to Transportation Network Companies. CDIA has concerns with the language relating to background checks on page 7, lines 1-4, which references the Professional Background Screening Association and requests that it be removed as follows:

2) The transportation network company shall each year conduct, ~~or have a third-party commercial background check company accredited by the Professional Background Screening Association (PBSA) conduct~~, national and local criminal background checks for each applicant and for each driver ....

The current language is problematic because it limits the availability to do background checks to members of PBSA, which is a trade association and not a regulatory body. All background screeners are governed by the Fair Credit Reporting Act (FCRA) and must be compliant with the FCRA. An accreditation by PBSA does not make background screening companies any more compliant with the federal law, so background checks should not be limited to only those affiliated with a trade organization.

For these reasons, we would respectfully request that the bill be amended as set forth above. Thank you very much for the opportunity to testify on this measure.

Testimony of  
**Hawaii Passenger and Property Carriers Association**  
on  
**H.B. No. 2002**  
**Relating to Transportation Network Companies**  
Committee on Transportation  
Friday, January 31, 2020, 10:00 a.m.  
Room 423

My name is Deems Narimatsu, representing the Hawaii Passenger and Property Carriers Association, testifying in strongly opposition to H.B. No. 2002, which proposes to establish a statewide permitting process for transportation network companies (TNC).

H.B. No. 2002 discriminates in favor of transportation network company drivers and grants them special treatment or privilege, including:

- Mandating that no transportation network company driver shall be required to register a transportation network company vehicle as a commercial or for-hire vehicle, even though the definition of “transportation network company vehicle” is a vehicle used by a transportation network company driver to provide a prearranged ride for a fee;
- It declares that a transportation network company driver shall not be considered a “common carrier by motor vehicle, contract carrier by motor vehicle, or a motor carrier” but a transportation network company driver under an agreement with a TNC provides transportation for passengers for compensation; and
- Transportation network company drivers are not employees of the TNC, so are an independent business, but H.B. No. 2002 does not in the requirements for the drivers include that they have a general excise tax license.

Under the Motor Carrier Law (Chapter 271), "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..." A transportation network company driver is a motor carrier.

The general excise tax law defines “service business” to include “rendering of a service, including ...transportation services.” A transportation network company driver is a service business that should be licensed under the general excise tax law.

H.B. 2002 proposes a special law

H.B. No. 2002 may be considered a special law that is unconstitutional. “A law is a “special law” not a general law, if it operates upon and affects only a fraction of persons or a portion of the property encompassed by a classification, granting privileges to some and not others.” ...special legislation discriminates in favor of a person or entity by granting them a special or exclusive privilege. A statute relating to particular persons, places, or things is a special law, not a general law.” (Attorney General Op. 2007-2)

“A legislative act that applies only to particular individuals or things of a class is special legislation. Class legislation makes improper discrimination by conferring privileges on a class arbitrarily selected from a large number of persons standing in the same relation to the privileges without reasonable distinction or substantial difference. Uniformity is required in order to prevent granting to any person, or class of persons, the privileges or immunities which do not belong to all persons.” (Haman v. Marsh 237 Neb. 699 467 N.W.2d 836 (1991))

For these reasons we oppose H.B. No. 2002.

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

Testimony of  
**Roberts Hawaii, Inc**  
on  
**H.B. No. 2002**  
**Relating to Transportation Network Companies**  
Committee on Transportation  
Friday, January 31, 2020, 10:00 a.m.  
Room 423

My name is Roy Pfund, President of Roberts Hawaii and I am testifying in strong opposition to H.B. No. 2002, 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 2 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: WRITTEN TESTIMONY OF TRACI LEE OF LYFT  
SENATE TRANSPORTATION COMMITTEE HEARING  
JANUARY 30, 2020**

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**LATE**

Chair Aquino, Vice Chair Harimoto, 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. This testimony is to express Lyft's support for House Bill 2002, 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, 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 believe it is valuable that students at UH Manoa or Kapiolani Community College, or any of the many universities on the islands can get safe rides home, that seniors can continue to have the freedom that they once had when they were able to drive themselves around, with the same level of service and regulatory requirements from Waikiki to Kapolei, from Hilo to Kona, or any of the more than 350 major cities across the nation where they can open the app and request a ride. Lyft provides a transportation option for communities that are traditionally underserved by other forms of transit, as demonstrated by the fact that 51% of rides in Hawai'i start in low-income areas. People like the service because they know they are going to get seamless, affordable, and reliable transportation.

In fact, at Lyft, safety is our top priority. Our goal is to make every ride safe, comfortable, and reliable. Our riders use Lyft because they feel safe with drivers, which is a product of this commitment.

Before drivers can accept rides on the Lyft platform they must undergo a mandatory local, state, and national background check conducted by Checkr, which is the leading provider of background checks across the country. Checkr is accredited by the National Association of Professional Background Screeners, which requires a rigorous audit of its procedures and policies by an independent auditor appointed by the Background Screen Credentialing Council (BSCC). Once drivers pass the initial screenings and are approved to drive on the Lyft platform, they are then subject to annual background and driving record checks. Our standards for annual checks are the same as the initial checks, and are performed at least once a year. Throughout the year, Lyft also conducts continuous criminal monitoring and continuous driving record checks that provide Lyft with immediate notification of any disqualifying criminal convictions or driving offenses. These continuous checks allow Lyft to identify unsafe drivers and remove them from the platform as soon as a violation of Lyft's safety standards is detected. Any driver who does not pass the initial, annual and continuous screenings is barred from our platform.

Lyft also contributes to safer streets by significantly reducing the instances of impaired driving. In Hawai'i, 56% of Lyft passengers are less likely to drive substance impaired to the availability of Lyft.

But what really distinguishes Lyft is how we utilize technology to serve as a transportation planning partner. Across North America, we recognize that first- and last-mile connections to transit, late-night service and suburban circulator services are among the most challenging services for agencies to efficiently operate. To help address these needs, Lyft has partnered with 70+ cities and transit agencies to deliver innovative on-demand mobility programs that are closing first/last-mile gaps to regional transit, extending transit coverage, and improving access. From late-night jobs access service in Washington, DC to suburban transit connection services in Monrovia, CA, Lyft has worked with civic partners to build programs that improve access to transit and tackle transportation equity barriers head-on.

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-- 21% of drivers are veterans, 26% are over the age of 50, 22% are female, and 13% are students.

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. 25% of Lyft take public transit at least once a week, and 66% of non-car owners say that Lyft has impacted their decision not to own or lease a personal vehicle. 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.

Since 2018, all Lyft rides have been carbon neutral, and Lyft is now a fully carbon neutral company. We not only acknowledge the immediacy of climate change, but also embrace our role in combating climate change by accelerating the transition to a shared, multi-modal, and electric future. The largest impact we can have environmentally is to shift the cars driving on our platform to electric vehicles. In Seattle, Portland, and Atlanta, we recently launched Green Mode in our app in , which gives riders the ability to choose clean vehicles. These efforts will create financial savings opportunities for our driver community and a cleaner transportation solution for everyone on the platform. We are continuing to work with key stakeholders in cities throughout the country to break through barriers to electric vehicle adoption.

Statewide legislation is a path towards providing consumers, drivers and visitors a consistent experience with Lyft. Through HB 2002, 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.

Thank you for your consideration of Lyft's testimony in support of HB 2002.







Testimony of Tabatha Chow, on behalf of Uber Technologies, Inc., in support of HB 2002

January 31, 2020

To: Chairman Henry Aquino and Members of the House Committee on Transportation:

My name is Tabatha Chow and I am the Senior Operations Manager for Uber Technologies, Inc. ("Uber") in Hawaii. I am submitting this testimony on behalf of Uber in support of HB 2002 relating to Transportation Network Companies.

The Uber app facilitates Transportation Network Company (TNC) services. This provides flexible work 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.

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.

This 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.

We thank the Committee for the opportunity to provide this testimony and look forward to working together.

Respectfully,

A handwritten signature in black ink, appearing to read 'Tabatha Chow', with a stylized, wavy line extending from the end.

Tabatha Chow  
Senior Operations Manager  
Uber Hawaii

**LATE**

**HB-2002**

Submitted on: 1/30/2020 10:17:12 PM

Testimony for TRN on 1/31/2020 10:00:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| Liyan Wan    | Lyft         | Support            | Yes                |

**Comments:**

*My name is Liyan Wan and I am a 5-star Lyft driver with over 200 rides. I wanted to share my experience with rideshare in Hawaii. I started back in 2016 as a way to earn some extra money. I am an architect by training, and that was my full time job. However, as of late, the grind of my career was catching up to me. It was long, challenging hours, and being cooped up in an office to meet tight deadlines. I could feel the pressure building. On top of that, I have ADD and can't sit in an office environment for 8+ hours. I needed medication to work, and the side effects were just too much for me to handle. I have now been utilizing rideshare as my primary source of income for the past few months, and I have much more control over my schedule and my life. I am able to drive when I want to, and log off when I need to. Rideshare works for me, and I am excited about the prospect of statewide regulations that would continue to grow the services of affordable and reliable transportation across the state. Thank you for your time!*