

TESTIMONY OF ALISON UEOKA

COMMITTEE ON TRANSPORTATION
Representative Henry J.C. Aquino, Chair
Representative Gregg Ilagan, Vice Chair

Wednesday, February 9, 2022
10:00 a.m.

HB 1681

Chair Aquino, Vice Chair Ilagan, and members of the Committee on Transportation, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council notes that insurance requirements have been in the law for Transportation Network Companies (TNCs) since 2016. This bill contains provisions to regulate TNCs outside of insurance requirements, with the exception of Section 4 of this bill, which seeks to make the insurance provisions permanent.

Hawaii Insurers Council comments on the following sections of the bill. In Section 2 of the bill, Definitions, we ask that the definitions of "Transportation network company" and "Transportation network company driver" be amended to read as follows:

"Transportation network company" has the same meaning as in section 431:10C-701.
"Transportation network company driver" has the same meaning as in section 431:10C-701."

This would make it consistent with the definitions in the bill for "Prearranged ride". These three definitions exist in the insurance code, and we believe their reference provides consistency in drafting and avoids overlapping laws.

We also strongly support the passage of Section 4 in the bill that makes insurance requirements permanent. We believe the insurance section of the law that has been in place going on six years has worked well and it is appropriate to lift the sunset date.

Thank you for the opportunity to testify.



February 9, 2022

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION
ON HB 1681 RELATING TO TRANSPORTATION NETWORK COMPANIES**

Thank you Chair Aquino and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with over 350 members involved with the commercial ground transportation industry.

HTA believes that long established and well thought out regulations already exist for the transportation of passengers that provide for the safety and security of those passengers, and for the general public. Existing regulations cover critical areas, including, but not limited to, the following.

Enforcement inspections

The Public Utilities Commission (PUC) and the Hawaii Department Of Transportation (HDOT) execute compliance audits to ensure adherence to regulations. All invoices, receipts, driver and vehicle files are subject to inspection at any time by the PUC.

Driver Qualification

Driving commercially is a serious business and HDOT requires drivers to be continually medically certified. They also require drivers' performances to be evaluated annually.

Insurance

The PUC's Hawaii Administrative Rules Chapter 6-62-8 (b) reads, "The security for a motor carrier of passengers shall be in the following amounts:(1) Liability coverage for bodily injury or death, per person, in an amount no less than \$100,000; and(2) Liability coverage for bodily injury or death, per accident, in amounts no less than:(A) \$200,000 for a vehicle with a seating capacity of 7 passengers or less." The coverage increases as the seating capacity does, and federal financial responsibility regulations can also apply at \$1.5 million or \$5 million depending on designed seating capacity.

Rates

PUC requires fair and reasonable rates to prevent predatory pricing and gouging of consumers. They are flexible with a zone of reasonableness permitting rates of 10% higher or lower of approved rates. These rates must be filed with the Commission and a tariff available to all. Higher or lower rates can be applied for, but must be justified and approved. Additionally, the Consumer Advocate plays a role alongside the PUC to ensure the interests of the public are being met.

Vehicle Marking

PUC and HDOT require company names on vehicles so they can be readily identified by enforcement personnel and the general public. PUC and DOT registered markings are also required. All in the interest of transparency.

TNCs do not wish to be considered common carriers or motor carriers, yet their functions fall exactly within the definition of the PUC's "common carrier,"

Mahalo.

**Testimony of Robert Toyofuku, on behalf of Uber Technologies, Inc., regarding
H.B. 1681, Relating to Transportation Network Companies**

February 9, 2022

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

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 of H.B. 1681 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, Hawaii (Big) Island, and Kauai. Uber’s technology platform connects local, independent drivers, with Hawaii residents and visitors. Before the pandemic began in early 2020 these independent drivers completed millions of trips every year throughout Hawaii via the Uber platform. This bill basically would provide uniform regulations for TNC operations throughout all of Hawaii. TNC driver screening and other operating requirements are currently only mandated for the City and County of Honolulu, 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.

H.B. 1681 would ensure TNC driver screening and other operating requirements are mandated for all islands throughout Hawaii, not just the City and County of Honolulu. Most of the provisions of this bill 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 fare transparency, driver and vehicle identification, receipt

requirements, non-discrimination and accessibility policies, record retention, and audit provisions. This version of the bill which is similar to the last version approved by this committee and the members of the CPN committee in conference also contains the provisions which were discussed with key staff persons at the Department of Transportation (DOT). The primary role of the DOT is to issue permits and to do an annual audit and it has said that they are capable of doing so.

Uber is of the opinion that a statewide regulatory framework as set forth in this bill will benefit all of our residents as well as tourists and provide uniformity throughout the state.

In the first paragraph I mentioned that Uber supports most of the provisions of this bill. The provision on page 7, lines 2& 3 which requires, as a prerequisite that “(F) A copy of the individual’s general excise tax license” raises concerns with Uber. Uber sends a 1099 form to the State Department of Taxation at the end of the year which provides the State with a record of what a driver has earned. Uber informs all drivers to obtain a State General Excise Tax license.

I am not aware of any Hawaii law that, prior to allowing a person to provide services to it, requires a business to first get a copy of the person’s General Excise Tax (“GET”) license. I feel that this requirement is not good policy where this provision would only apply to TNC drivers, and not to an array of other providing services to businesses, such as property managers, pool cleaners, custodial services, electricians, IT services, handyman services, and accountants. Therefore, Uber believes this provision unfairly imposes a requirement on TNC drivers not imposed on any other group of individuals who provides services in Hawaii and thus should be deleted.

In closing, I would like to also suggest another amendment to this bill. The definitions of “Transportation Network Company” and “Transportation network company driver” are set forth in HRS 431:10C-701, and we are suggesting that reference be made to that law similar to the provisions in this bill which define “Prearranged ride”. The suggested amendment is as follows: “Transportation network

company” has the same meaning as defined in section 431:10C-701. Likewise, “Transportation network company driver” should be amended to read “Transportation network company driver has the same meaning as defined in section 431:10C-701.” This will avoid any possible future confusion.

Thank you for the opportunity to present this testimony and I am available for any questions which you may have.

HB-1681

Submitted on: 2/9/2022 7:52:00 AM

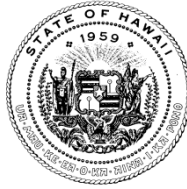
Testimony for TRN on 2/9/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Lee Nagano	Dept of Transportation	Support	No

Comments:

I am with the DOT and am available for comments.

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

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February 9, 2022
10:00 A.M.
State Capitol, Teleconference

H.B. 1681
RELATING TO TRANSPORTATION NETWORK COMPANIES

House Committee on Transportation

The Department of Transportation (DOT) **supports** H.B 1681, which establishes requirements and permitting procedures for transportation network companies operating in the State. The proposed legislation makes permanent insurance requirements for transportation network companies and transportation network drivers.

We believe the permitting program will increase public safety by ensuring the companies and employees are properly regulated. The DOT is requesting that the permit fees go to the Highways Special Fund to support program operations.

Thank you for the opportunity to provide testimony.