

STAND. COM. REP. NO.

206

Honolulu, Hawaii

February 13, 2015

RE: H.B. No. 1463
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 1463 entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose of this measure is to preserve alternative forms of transportation services available to consumers while affording consumers the protection of law by regulating transportation network companies and requiring transportation network drivers to obtain commercial motor vehicle insurance.

The Hawaii Transportation Association, Roberts Hawaii, Inc., Charley's Taxi, The Cab, and a few concerned individuals testified in support of this measure. The Hawaii Insurers Council, Ecocab, and Uber Technologies testified in opposition to this measure. The Public Utilities Commission, State Farm Mutual Automobile Insurance Company, National Association of Mutual Insurance Companies, and USAA provided comments.

Transportation network companies are operating across the country, including in Hawaii, and have expanded transportation options for the benefit of the public. A transportation network company uses a digital network or software application service to connect passengers to drivers. While the public is receptive to this innovation in transportation services, transportation network companies are not licensed or regulated in Hawaii and therefore,

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the public is not afforded the full and necessary protection of law when doing business with a transportation network company.

Your Committee finds that, although a transportation network company may operate under a different business model for connecting customers with drivers, their primary service is that of transporting passengers or property for compensation which is a commercial activity virtually indistinguishable from that of a traditional motor carrier. Thus, your Committee finds that a transportation network company should be regulated as such.

Your Committee has amended this measure by:

- (1) Inserting language establishing transportation network company and participating driver insurance requirements including the necessary types of coverage and timeframe as to when the coverage is applicable;
- (2) Amending the definition of "transportation network company" to more accurately reflect what a transportation network company is and the services the company provides;
- (3) Changing all references to the term "transportation network driver" to "participating driver" or "driver" and defining this term to mean any person who uses a vehicle in connection with a transportation network company's online-enabled application or platform to connect with passengers;
- (4) Inserting a definition of "transportation network company insurance" to mean an insurance policy that specifically covers a driver's use of a vehicle in connection with a transportation network company's online enabled application or platform;
- (5) Changing its effective date to July 1, 2030, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

While your Committee notes that a number of concerns were raised with regards to the regulation of transportation network companies, your Committee finds that the regulatory aspects discussed dealt with consumer protection issues and therefore



respectfully requests your Committee on Consumer Protection and Commerce to discuss these issues should it decide to consider this measure.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1463, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1463, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,



HENRY J.C. AQUINO, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

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Record of Votes of the Committee on Transportation

Bill/Resolution No.: <i>HB 1463</i>	Committee Referral: <i>TRN, CPR, JUD</i>	Date: <i>02/11/2015</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. AQUINO, Henry J.C. (C)	<i>X</i>			
2. LOPRESTI, Matthew S. (VC)	<i>X</i>			
3. HAR, Sharon E.	<i>X</i>			
4. ICHIYAMA, Linda	<i>X</i>			
5. JOHANSON, Aaron Ling				<i>X</i>
6. KEOHOKALOLE, Jarrett	<i>X</i>			
7. NAKASHIMA, Mark M.	<i>X</i>			
8. SAN BUENAVENTURA, Joy A.	<i>X</i>			
9. TAKAYAMA, Gregg	<i>X</i>			
10. TAKUMI, Roy M.	<i>X</i>			
11. YAMASHITA, Kyle T.	<i>X</i>			
12. TUPOLA, Andria P.L.				<i>X</i>
TOTAL (12)	<i>10</i>			<i>2</i>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: <i>[Signature]</i>				
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