

STAND. COM. REP. NO. 966

Honolulu, Hawaii

March 20, 2015

RE: S.B. No. 1280
S.D. 2
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 S.B. No. 1280, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION NETWORK COMPANIES,"

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. Among other things, this measure:

- (1) Requires the Public Utilities Commission (PUC) to regulate transportation network companies and transportation network company drivers;
- (2) Establishes motor vehicle insurance requirements for the transportation network company industry;
- (3) Establishes minimum qualifications for transportation network company drivers; and
- (4) Appropriates funds for the PUC to carry out the regulation of transportation network companies and their drivers.

SB1280 HD1 HSCR TRN HMS 2015-2690



The American Insurance Association and a concerned individual testified in support of this measure. The Hawaii Transportation Association, Hawaii Insurers Council, Property Casualty Insurers Association of America, National Association of Mutual Insurance Companies, State Farm Mutual Automobile Insurance Company, Liberty Mutual Insurance, and Charley's Taxi supported the intent of this measure. Uber Technologies, Robert's Hawaii Inc., Roberts Taxi, and several concerned individuals testified in opposition to this measure. The Attorney General, PUC, USAA, The Cab, and EcoCab 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, 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.

Finally, your Committee finds that this measure is a work in progress and that numerous questions were raised by the Attorney General and the PUC concerning the lack of specifics contained in the regulatory framework established by this measure. As such, your Committee respectfully requests that these regulatory issues including rate regulation, e-receipt requirements, identification requirements for vehicles, fee establishment, penalties provisions for violations including fines, and PUC regulatory requirements, be investigated and discussed further by the Committees on Consumer Protection and Commerce and Judiciary should they consider this measure.



Your Committee has amended this measure by, among other things:

- (1) Requiring that transportation network company drivers register as a business entity with the Business Registration Division of the Department of Commerce and Consumer Affairs;
- (2) Clarifying that transportation network companies must disclose in writing that a driver's personal automobile insurance policy might not provide any required or optional insurance coverage because the driver uses their vehicle for transportation network company activities;
- (3) Clarifying that transportation network company drivers are simply required to maintain a primary motor vehicle insurance policy rather than a primary commercial motor vehicle insurance policy;
- (4) Stipulating that the requirement for transportation network company drivers to submit evidence of physical examination be completed every four years instead of just once;
- (5) Establishing additional requirements transportation network company drivers must adhere to in order to be permitted to act as a transportation network company driver, including having at least one year of driving experience in Hawaii, submitting fingerprints for analyses by a local law enforcement agency, and using only a hands free device when conducting a transportation network company activity;
- (6) Requiring transportation network companies to retain specified records for a period of at least five years;
- (7) Specifying that the specified records that are required to be maintained by a transportation network company be made available upon written request no later than ten days after the receipt of the request; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.



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 S.B. No. 1280, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1280, S.D. 2, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

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

HSCR 966

Record of Votes of the Committee on Transportation

Bill/Resolution No.: SB1280, 502	Committee Referral: TRN, CPN/JUD, FIN	Date: 3/18/15		
<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)	X			
2. LOPRESTI, Matthew S. (VC)	X			
3. HAR, Sharon E.	X			
4. ICHIYAMA, Linda	X			
5. JOHANSON, Aaron Ling	X			
6. KEOHOKALOLE, Jarrett	X			
7. NAKASHIMA, Mark M.	X			
8. SAN BUENAVENTURA, Joy A.	X			
9. TAKAYAMA, Gregg	X			
10. TAKUMI, Roy M.	X			
11. YAMASHITA, Kyle T.	X			
12. TUPOLA, Andria P.L.	NSL	X		
TOTAL (12)	11	1		
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				