

STAND. COM. REP. NO.

361

Honolulu, Hawaii

FEB 20 2015

RE: S.B. No. 1280  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committees on Commerce and Consumer Protection and Transportation, to which was referred S.B. No. 1280 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Public Utilities Commission to regulate transportation network companies; and
- (2) Establish requirements for persons who operate or serve as drivers for transportation network companies.

Your Committees received testimony in support of this measure from Uber Technologies, Inc. Your Committees received testimony in opposition to this measure from the Hawaii Insurers Council; Hawaii Transportation Association; Property Casualty Insurers Association of America; GEICO Insurance Agency, Inc.; and EcoCab Hawaii. Your Committees received comments on this measure from the Department of Commerce and Consumer Affairs; Public Utilities Commission; National Association of Mutual Insurance Companies; USAA; and State Farm Mutual Automobile Insurance Company.

Your Committees find that transportation network companies are entities that use a digital network or software application service to connect passengers with a transportation network company driver who is offering services using the driver's

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personal vehicle. Transportation network companies have become increasingly popular throughout the country, including in Hawaii, and have expanded transportation options for the benefit of the public. However, your Committees note that transportation network companies are not currently regulated in the State. Since transportation network companies are engaged in a new form of commercial transportation, it is appropriate for these companies to be required by state law to be responsible for commercial transportation liability issues created by their business activities.

Your Committees further find that the transportation network company model requires transportation network company drivers to transport passengers for hire in the transportation network company driver's private vehicle. As these activities are commercial in nature, the transportation network company driver's personal automobile insurance policy may not provide a duty to defend or any insurance coverage for the commercial transportation use of the transportation network company driver's personal automobile.

Your Committees conclude that amendments to this measure are necessary to provide a level playing field for commercial motor carriers in Hawaii; ensure transparency between transportation network companies and their drivers and adequate consumer protection for passengers; diminish potential disputes between insurers related to transportation network company services; and ensure that the services provided by transportation network companies do not affect the rates of all purchasers of personal automobile insurance policies.

Accordingly, your Committees have amended this measure by:

- (1) Inserting a definition for "transportation network company activity";
- (2) Requiring transportation network companies to disclose to transportation network company drivers:
  - (A) The insurance coverage and limits of liability that the transportation network company provides; and
  - (B) That the transportation network company driver's personal automobile insurance policy will not



provide required or optional coverage during transportation network company activity;


- (3) Specifying certain requirements for the amount of primary commercial motor vehicle insurance that must be in effect during transportation network company activity;
- (4) Clarifying the limits of personal automobile insurance policies during transportation network company activity;
- (5) Requiring a transportation network company driver to carry proof of commercial motor vehicle insurance while the driver's vehicle is being used in connection with transportation network company service or activity;
- (6) Requiring an individual to submit evidence of a physical examination to determine the individual's health and fitness to act as a transportation network company driver;
- (7) Specifying that conviction of any domestic violence offense will disqualify a person from acting as a transportation network company driver;
- (8) Requiring individuals to be at least twenty-one years of age prior to becoming a transportation network company driver;
- (9) Requiring a transportation network company to maintain global positioning system records and electronic records of transportation network company activity for each individual trip provided by a transportation network company driver, for purposes of claims coverage investigations or resolving other disputes related to transportation network company activity; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Transportation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1280, as amended herein, and recommend that it pass Second Reading in the form attached



hereto as S.B. No. 1280, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Commerce and  
Consumer Protection and  
Transportation,



CLARENCE K. NISHIHARA, Chair

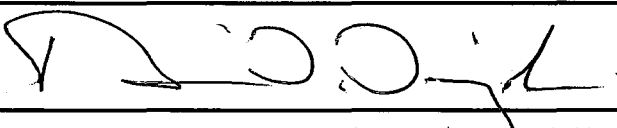


ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

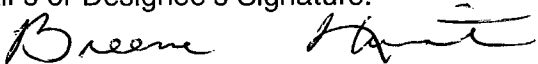
**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1280	CPN/TRA, WAM	2/13/15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)		✓		
KAHELE, Gilbert	✓			
KIDANI, Michelle N.	✓			
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn	✓			
SLOM, Sam				✓
<b>TOTAL</b>	5	1	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes

The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Transportation**  
**TRA**

Bill / Resolution No.:* <b>SB1280</b>	Committee Referral: <b>CPN/TRA, WAM</b>	Date: <b>2/13/15</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	✓			
HARIMOTO, Breene (VC)	✓			
DELA CRUZ, Donovan M.				✓
ENGLISH, J. Kalani	✓			
ESPERO, Will				✓
INOUYE, Lorraine R.	✓			
KIDANI, Michelle N.	✓			
KOUCHI, Ronald D.	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>6</b>			<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:            Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office              Drafting Agency              Committee File Copy				

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