

SCR89 SD 1

Measure Title: REQUESTING THE DEPARTMENT OF TRANSPORTATION TO CONDUCT A STUDY OF PERSONAL VEHICLE RENTAL ORGANIZATIONS.

Report Title: Department of Transportation; Personal Car Rental Organizations

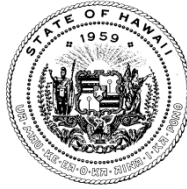
Description:

Companion:

Package: None

Current Referral: TRE, CPH

Introducer(s): INOUYE, Baker, Dela Cruz, English, Gabbard, Galuteria, Harimoto, Ihara, K. Kahele, Keith-Agaran, Kidani, Kim, Kouchi, Nishihara, Riviere, Shimabukuro, Taniguchi, Wakai



Testimony of:
JADE T. BUTAY
Director

Deputy Directors
ROY CATALANI
ROSS M. HIGASHI
EDWIN H. SNIFFEN
DARRELL T. YOUNG

IN REPLY REFER TO:

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

April 3, 2018
10:00 a.m.
State Capitol, Room 229

S.C.R. 89, S.D. 1

**REQUESTING THE DEPARTMENT OF TRANSPORTATION TO CONDUCT A STUDY
OF PERSONAL VEHICLE RENTAL ORGANIZATIONS.**

Senate Committee on Commerce, Consumer Protection, and Health

The Department of Transportation (DOT) **opposes** the portion of S.C.R. 89, S.D. 1, that assigns the responsibility to serve as the Chairperson of the requested working group to the Director of Transportation.

Renting personal vehicles on a fee basis via a third party web-based platform is currently unregulated. The DOT respectfully submits that, as a result of its primary statutory functions, it is not well suited or staffed to write policy to regulate private business practices to ensure that these rental vehicles are rented to qualified individuals, meet vehicle safety standards, and/or have adequate insurance coverage.

Thank you for the opportunity to provide testimony.



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: April 2, 2018

TO: Senator Rosalyn Baker
Chair, Committee on Commerce, Consumer Protection, and Health
Submitted Via Capitol Website

RE: **SCR 89 S.D.1 Requesting the Department of Transportation to Conduct a Study of Personal Vehicle Rental Organizations.**
Hearing Date: Tuesday, April 3, 2018 at 10:00 am
Conference Room: 229

Dear Chair Baker and Members of the Committee on Commerce, Consumer Protection, and Health:

We submit this testimony on behalf of Enterprise Holdings, which includes Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, Enterprise CarShare and Enterprise RideShare (Van Pool).

Enterprise **supports** SCR 89 S.D.1, which would establish a working group tasked to conduct a study of personal vehicle rental organizations.

The evolution of the rental car industry has created opportunities for new and innovative ways to rent a car. Enterprise supports the evolution of the industry so long as consumer safety is kept a priority. SCR 89 S.D.1 would create a working group to evaluate what standards should be upheld by personal vehicle rental companies to ensure consumer safety and market fairness.

Enterprise supports the amendments made to SCR 89 S.D.1 to include members from the peer-to-peer car sharing industry.

Enterprise recommends that the scope of SCR 89 S.D.1 be clarified by adding the following language:

“BE IT FURTHER RESOLVED that the working group is requested to research and review safety and maintenance standards, liability and insurance limits, airport and public access, and pricing, fees and taxes as they pertain to personal vehicle rentals; and”

We strongly support SCR 89 S.D.1 with this amendment and ask the committee to pass the measure. Thank you for the opportunity to submit testimony on this bill.

Testimony of
Michelle M. Peacock, Vice President & Head of Government Relations
Turo Inc.
Regarding Hawaii Senate Concurrent Resolution S.C.R. 89 SD1/ S.R. 140 SD1
Senate Committee on Commerce, Consumer Protection and Health
April 3, 2018

Senator Baker, Vice Chair Tokuda and members of the Committee,

As the nation's leading peer-to-peer car sharing company, I am grateful for the opportunity to share our point of view on S.C.R. 89 SD1/S.R. 140 SD1, a resolution that proposes to create a study of this emerging segment of the sharing economy. While on the surface this resolution appears to propose a simple examination of this new industry, we must share with you our serious concerns about both the substance and motivation behind this proposal.

But first, I'd like to give you a little background about Turo and our customers who live in Hawaii. Turo offers an online platform for car owners and travelers or neighbors to meet and make arrangements to share a car. The platform allows car owners to earn a little extra income to help cover their car payment, make ends meet, or simply offset the high cost of gasoline in Hawaii. Turo travelers or neighbors - the Guests - use Turo to find cars they need for a special occasion or specific purpose. With over 800 makes and models available nationwide, Turo Guests can choose exactly the car and price they need for their individual circumstances.

Our customers also believe that the 1 billion + cars on the planet should be put to better use. They know that manufacturing and parking hundreds of cars in enormous lots has an impact on our planet, and in using Turo they can increase utilization of existing cars and help fight climate change.

Turo provides protections for their customers - up to \$1 million in liability coverage and up to full repair or replacement of the car. Turo has over 2500 car owner customers who have shared cars in Hawaii and 48,000 Hawaiian residents who have signed up to use Turo either in Hawaii or elsewhere when traveling.

The working group suggested by the resolution was proposed by the car rental industry, and we believe their interest and participation will likely pre-determine outcomes of any working group that desires a true examination of this new industry. The rental car industry and the peer-to-peer car sharing industry are not the same thing - in fact, nothing could be farther from the truth. The primary difference is that Turo does not own or offer a fleet of cars to the public. The owners of the cars are individual citizens of Hawaii who are sharing their cars to help cover expenses. Turo is a platform that simply connects the owners with their Guests - much in the same way that eBay connects buyers and sellers.

The differences between the two industries are enormous. Ownership of cars is one example, and phenomenal size differentials is another. Demands for a "level playing field" from the rental car industry are ludicrous, as the field is already dramatically tilted in their favor. The rental car industry enjoys numerous benefits and tax incentives associated with their dealer licenses that are not afforded individual car owning citizens. Those benefits include tax breaks for turning over their fleet of 2.1 million cars every two years. Altogether the rental car industry earns \$28.6 billion in revenues, generating huge profits for their corporate headquarters in Missouri, Florida or New Jersey.

Turo is not seeking additional regulations anywhere in the world, but we are more than willing to participate in a forthright and honest discussion about how our industry should be regulated to protect consumers. But we feel strongly that the industry must be evaluated on its own, and not judged by a set of rules that apply to another, completely different industry that views Turo as competition.

For these reasons we respectfully request amendments to this current resolution, and are happy to provide our specific recommendations separately.

Our recommendations include:

- The resolution should use the nomenclature of the targeted industry, that is, “peer-to-peer car sharing” and not “vehicle rentals”. We are not participants in the car rental industry, but in a brand new industry with a different name.
- We believe it is inappropriate to relate peer-to-peer car sharing to the transportation network companies, another industry in which we do not compete.
- We disagree with the assumption that consumer protections are not in place simply because the state has not required them to be there. Our customers enjoy far more protections than is provided by the typical car insurance policy or the rental car insurance.
- We believe the resolution should not assume that regulations are necessary prior to any review of current practices.
- We respectfully but vigorously oppose the inclusion of any representatives of the rental car industry, on the grounds that they are not participants in peer-to-peer car sharing industry and therefore should have no say in how the industry is regulated. The rental car industry’s interest in participating is to simply make it difficult or impossible for the peer-to-peer car sharing industry to grow or even remain in Hawaii, and therefore we believe it will not make productive contributions to the discussion.
- We respectfully request inclusion of two representatives from the peer-to-peer car sharing industry, as well as two representatives from the high-tech or sharing economy trade associations who will be able to speak about impacts of regulation on the larger sharing economy space.

Thank you for the opportunity to testify.

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