

HB241 HD2

Measure Title:	RELATING TO MOTOR VEHICLES.
Report Title:	Peer-to-Peer Motor Vehicle Sharing; Task Force; Appropriation
Description:	Establishes a task force in DCCA to develop proposed legislation for the regulation of peer-to-peer motor vehicle sharing companies. (HB241 HD2)
Companion:	SB662
Package:	None
Current Referral:	CPH/TRS, WAM
Introducer(s):	AQUINO

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

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

March 20, 2019
9:30 A.M.
State Capitol, Room 229

H.B. 241, H.D.2
RELATING TO MOTOR VEHICLES

Senate Committee on Transportation
Senate Committee on Commerce, Consumer Protection, and Health

The Department of Transportation (DOT) offers **comments** on this bill.

The bill proposes the establishment of a peer-to-peer regulatory task force to be located in the Department of Commerce and Consumer Affairs. The DOT has no objection to assigning a person to participate on the task force.

Thank you for the opportunity to provide testimony.



DAVID Y. IGE
GOVERNOR

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**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce, Consumer Protection, and Health
and the
Senate Committee on Transportation**

**Wednesday, March 20, 2019
9:30 a.m.
State Capitol, Conference Room 229**

**On the following measure:
H.B. 241, H.D. 2, RELATING TO MOTOR VEHICLES**

Chair Baker, Chair Inouye, and Members of the Committees:

My name is Stephen Levins, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department or DCCA) Office of Consumer Protection. The Department opposes this bill.

The purpose of H.B. 241, H.D. 2 is to establish a task force in the DCCA to develop proposed legislation for the regulation of peer-to-peer motor vehicle sharing companies and to identify any potential issues currently unaddressed by state law. H.D. 2 also requires the task force to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than 20 days prior to the convening of the Regular Session of 2020. H.D. 2 adds an unspecified appropriation to the DCCA for assisting the task force. This bill has been completely transformed from its original incarnation, whose initial provisions sought to prohibit lessors operating in

the peer-to-peer motor vehicle industry from renting vehicles subject to a manufacturer's recall.

Instead of abandoning the regulatory scheme contemplated by the original version of H.B. 241, the Department believes the Legislature should continue to assess the original subject matter of this bill. Accordingly, it would be premature for the Legislature to call for the convening of a task force, with all the attendant expenditures of administrative costs and resources, when there is already pending and active legislation seeking to regulate the peer-to-peer motor vehicle industry.

Thank you for the opportunity to testify on this bill.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: RENTAL MOTOR VEHICLE AND TOUR VEHICLE SURCHARGE, Coverage of Peer-to-Peer Vehicle Sharing Businesses

BILL NUMBER: HB 241, HD-2

INTRODUCED BY: House Committee on Consumer Protection & Commerce

EXECUTIVE SUMMARY: Establishes a task force to deal with peer-to-peer vehicle sharing.

SYNOPSIS: Establishes a peer-to-peer regulatory task force within DCCA for administrative purposes. The purpose of the task force is to develop proposed legislation for the regulation of peer-to-peer motor vehicle sharing companies and to identify any potential issues currently unaddressed by state law. Members serve without compensation but shall be reimbursed for travel and other necessary expenses. The task force shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2020.

EFFECTIVE DATE: July 1, 2019.

STAFF COMMENTS: While the establishment of a task force may have some value, the bill as introduced did seem to address immediate needs.

For example, it prohibits peer-to-peer vehicle sharing if the vehicle is the subject of a recall but has not undergone the manufacturer's recommended repairs. Federal law, 49 U.S.C. section 30120(i),¹ prohibits car rental companies with a fleet of 35 or more vehicles from renting a vehicle subject to recall until any required repairs have been completed.

There is also ambiguity about how these businesses are taxed. The prior version of this legislation placed peer-to-peer rentals within the RVST, which would appear to make sense given that such businesses compete directly with rental car businesses who are now obligated to pay the RVST.

Digested 2/18/2019

¹ Raechel and Jacqueline Houck Safe Rental Car Act of 2015, which was incorporated into the Fixing America's Surface Transportation (FAST) Act, Pub. L. No. 114-94, 129 Stat. 1312 (2015).



Testimony of
Charles Melton – Public Policy Manager
Turo Inc., San Francisco, CA

House Bill 241 HD2

March 18, 2019

Chair Baker, Chair Inouye and members of the Senate Committee on Commerce, Consumer Protection and Health and the Committee on Transportation, I respectfully submit the written perspective of Turo, an internet-based, peer-to-peer car sharing platform on HB 241 HD2. Thank you for this opportunity.

Turo is a peer-to-peer car sharing platform that connects car owners with those in need of a mobility solution. Through the Turo online marketplace, anyone with the need for mobility can obtain the freedom a vehicle can provide. In Hawai`i our community of car owners share their vehicle with mothers, fathers, neighbors and community members while earning a little extra income to help cover the cost of car ownership.

We appreciate the thoughtful work of the committees and respectfully ask the Senate Committee on Commerce, Consumer Protection and Health and the Committee on Transportation to support the creation of this task force in order to give all parties the time needed to work through these key issues. Turo is willing to participate and work alongside the stakeholders of this task force to ensure that the residents of Hawai`i who share their vehicle are appropriately reflected in Hawai`i statute.

Thank you for the opportunity to provide our perspective on this legislation and to indicate our support for the task force created with this legislation.



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: March 19, 2019

TO: Senator Rosalyn H. Baker
Chair, Committee on Commerce, Consumer Protection, and Health

Senator Lorraine R. Inouye
Chair, Committee on Transportation

Submitted Via Capitol Website

FROM: Mihoko Ito

RE: **H.B. 241, H.D. 2 Relating to Motor Vehicles**
Hearing Date: Wednesday, March 20, 2019 at 9:30 a.m.
Conference Room: 229

Dear Chair Baker, Chair Inouye, and Members of the Joint Committees:

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 Commute (Van Pool).

Enterprise **submits comments** regarding H.B. 241, H.D. 2 which establishes a task force to develop proposed legislation for the regulation of peer-to-peer motor vehicle sharing companies.

The evolution of the rental car industry has created new and innovative ways to rent a car. Enterprise supports the evolution of the industry, so long as consumer safety and accountability remain the priority. Enterprise believes that peer-to-peer motor vehicle sharing companies should comply with procedures for motor vehicle recalls, as this is vital to protecting the safety of consumers and others on the road. In addition, peer-to-peer motor vehicle sharing companies should be subject to the transparency and consumer protection requirements as rental car companies, in order to provide for a level playing field and to protect consumers. Finally, peer-to-peer motor vehicle sharing organizations should bear the responsibility of collecting and remitting taxes to the State.

Peer to peer companies are currently operating in the State and are doing so without any regulations or protections for consumers. We believe it is urgent to make sure that these vehicles are on the road responsibly and with transparency.

Enterprise supports the formation of a task force to gather the stakeholders to collaborate and draft suitable language, but we are concerned that peer-to-peer vehicles are already on the roads today. Due to immediate concerns regarding

safety, loss of revenue and consumer protection, we would recommend that the recall language from S.B. 662 S.D. 2 be reinstated.

Thank you for the opportunity to submit testimony regarding this measure.

Written Testimony
Before the Hawaii State Senate
Committee on Transportation and
Committee on Commerce, Consumer Protection, and Health
March 19, 2019
By
Brian Pogrund
Director of Markets, North America, Getaround

Good morning Chair Inouye, Chair Baker, and members of the Senate Committee on Transportation and the Committee on Commerce, Consumer Protection and Health. Thank you for the opportunity to provide testimony. My name is Brian Pogrund and I am the Director of Markets, North America for Getaround. My testimony is in support of House Bill 241.

Getaround is a peer-to-peer carsharing marketplace platform that empowers members to safely share their personal vehicles with others by the hour and the day. Getaround operates in more than one hundred cities, and while not currently in Hawaii, we certainly would like to be in the future. Our technology helps users find, book and unlock nearby vehicles on-demand using their smartphones. Our platform connects people whose cars are sitting idle and unused with people who need to use a car—giving people access to a pool of shared vehicles.

Carsharing—and Getaround’s carsharing platform—makes car ownership more affordable. Owning a car is expensive. Car payments, maintenance, insurance and parking all add up. For people who need to own a car, carsharing offsets ownership costs by allowing them to share the car when it would otherwise be sitting idle in a parking spot. An extra \$300 to \$600 a month would mean a lot to lower and middle-income Hawaiians.

And it’s not just car owners that benefit: carsharing provides convenient and affordable on-demand access to vehicles for the growing number of Americans who do not own cars, or for whom car ownership is cost prohibitive. Low and middle-income Hawaiians would benefit tremendously from convenient access to affordable transportation—transportation that helps get them to work, to run errands, or carry their kids to school. That’s what carsharing provides, especially the carsharing our platform makes possible.

Getaround supports the Legislature taking a close look at the carsharing industry, and would very much like the opportunity to work collaboratively with all stakeholders to craft an appropriate regulatory framework for this new and growing industry. We believe the task force established in House Bill 241 by Representative Aquino provides that opportunity. For that reason, we urge the committee to pass House Bill 241.



Jon Hedegard
Senior Regional Counsel
Northwest Region

March 18, 2019

The Honorable Rosalyn Baker
Chair, Senate Committee on Commerce, Consumer Protection, and Health

The Honorable Lorraine Inouye
Chair, Senate Committee on Transportation

re: HB 241 HD2, Relating to Motor Vehicles
Hearing Date: Wednesday, March 20, 2019 at 9:30 a.m. Conference Room: 229

Senator Baker, Senator Inouye and members of the Senate Committee on Commerce, Consumer Protection, and Health and the Senate Committee on Transportation, thank you for the opportunity to provide comments on HB 241 HD2.

Drift, a subsidiary of Allstate, is a startup peer-to-peer car sharing company. Currently Drift is not doing business in Hawaii. In fact, it only has an initial location at Denver International Airport. Drift is looking to expand operations in the near future though and it will make decisions on locations based on demand and regulatory climate.

As currently drafted, we believe HB 241 HD2 is the correct approach to car sharing. It will gather the regulators and key stakeholders and will ensure appropriate and necessary conversations regarding car sharing.

The rise of the sharing economy shows that consumers want more choice, more innovation, and more sustainability in the products and services they use every day. Drift is engaged in national conversations with insurers, other car sharers, rental car companies and other stakeholders about key issues in car sharing regulation in an attempt to develop model legislation that Hawaii and other jurisdictions could consider as they seek to protect consumers in the most viable and efficient way. Drift is committed to working with legislators and regulators to keep the industry open for innovation while balancing the need for responsible regulation. Bills being advocated by rental car companies seeking to exclude car sharing companies from the market are being proposed across the country. To date, legislatures have rejected these monopolistic pieces of legislation and are seeking to develop solutions that work for consumers.

When it comes to car sharing, legislators can ensure that consumers benefit while keeping consumers safe by following these principles:

- Define car sharing programs separately from rental car companies. Regulating car sharing in the same manner as rental companies that are based on a different model would lead to results that do not meet the needs of all consumers.
- Recognize that car sharing creates an entirely new business model that seeks to address limitations in the current mobility market. Recognizing these differences will help car owners and drivers access the solutions they want. Unnecessary overregulation would limit Hawaii's and Hawaii consumers' ability to realize the economic potential of these new services.
- Tax car sharing in a fair manner.
- Help owners ensure cars are safe by keeping cars with warning lights or issues out of service and communicating to car owners about safety recalls.
- Require car sharing companies to have appropriate minimum liability coverage during the car sharing period. Consumers, car sharing platforms, and insurers should have the flexibility to provide and purchase the right type of coverage for them—much like ride-sharing companies and their drivers do. It is important to structure any insurance and liability provisions correctly so the insurance coverage requirements are not problematic for all insurers, whether or not they would like to provide coverage in the car sharing market.

There are complicated and difficult issues in car sharing. For example, some proposed recall notice requirements could make compliance onerous or impossible for a car sharing company. It may be a barrier that precludes car sharing companies from entering or continuing in the Hawaii market. There are better, more effective ways to get at this issue and other important issues and together, we believe, those solutions can be developed into legislation that is broadly acceptable.

Drift believes that the current approach in HB 241 HD2 to convene a workgroup to review all of these issues more closely and then to make legislative recommendations is the best way forward for Hawaii consumers. Drift would be happy to participate in those conversations and develop comprehensive solutions that work for everyone.

Mahalo,

Jon Hedegard