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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Finance
Wednesday, February 20, 2019
4:00 p.m.
State Capitol, Conference Room 308**

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

Chair Takumi and Members of the Committee:

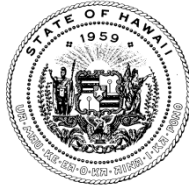
My name is Stephen Levins, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department or DCCA) Office of Consumer Protection. The Department opposes this bill.

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. Further, the Department notes that S.B. 662, the companion of the original version of H.B. 241, is still active.

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

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LYNN A.S. ARAKI-REGAN
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February 20, 2019
4:00 P.M.
State Capitol, Room 308

H.B. 241, H.D.1
RELATING TO MOTOR VEHICLES

House Committee on Finance

The Department of Transportation (DOT) **supports** 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.

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).



SanHi

GOVERNMENT STRATEGIES
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 19, 2019

TO: Representative Sylvia Luke
Chair, Committee on Finance

Submitted Via Capitol Website

FROM: Mihoko Ito

RE: **H.B. 241, H.D. 2 Relating to Motor Vehicles**
Hearing Date: Wednesday, February 20, 2019 at 4:00 p.m.
Conference Room: 308

Dear Chair Luke and Members of the Committee on Finance:

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.

While we are always open to working with stakeholders on this issue, we believe that, due to immediate concerns regarding safety, loss of revenue and consumer protection, we would prefer that H.B. 241, H.D. 2 be restored to its original form.

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



Testimony of
Charles Melton – Public Policy Manager
Turo Inc., San Francisco, CA
House Bill 241, HD2
February 20, 2019

Chair Luke and members of the House Committee on Finance, 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 prior committees and respectfully ask the House Finance committee 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 creation of a task force.