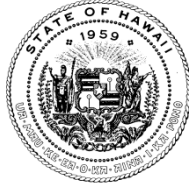


DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
ROSS M. HIGASHI
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PATRICK H. MCCAIN
EDWIN H. SNIFFEN

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

February 23, 2022
2:00 P.M.
State Capitol, Teleconference

H.B. 1681, H.D. 1
RELATING TO TRANSPORTATION NETWORK COMPANIES

House Committee on Consumer Protection and Commerce

The Department of Transportation (DOT) **supports** H.B 1681, H.D. 1, which establishes requirements and permitting procedures for transportation network companies operating in the state. The proposed legislation makes permanent insurance requirements for transportation network companies and transportation network drivers.

We believe the permitting program will increase public safety by ensuring the companies and employees are properly regulated. The DOT is requesting that the permit fees go to the Highways Special Fund to support program operations.

Thank you for the opportunity to provide testimony.



February 23, 2022

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE
ON HB 1681 HD1 RELATING TO TRANSPORTATION NETWORK COMPANIES**

Thank you Chair Johanson and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with over 350 members involved with the commercial ground transportation industry.

HTA believes that long established and well thought out regulations already exist for the transportation of passengers that provide for the safety and security of those passengers, and for the general public. Existing regulations cover critical areas, including, but not limited to, the following.

Enforcement inspections

The Public Utilities Commission (PUC) and the Hawaii Department Of Transportation (HDOT) execute compliance audits to ensure adherence to regulations. All invoices, receipts, driver and vehicle files are subject to inspection at any time by the PUC.

Driver Qualification

Driving commercially is a serious business and HDOT requires drivers to be continually medically certified. They also require drivers' performances to be evaluated annually.

Insurance

The PUC's Hawaii Administrative Rules Chapter 6-62-8 (b) reads, "The security for a motor carrier of passengers shall be in the following amounts:(1) Liability coverage for bodily injury or death, per person, in an amount no less than \$100,000; and(2) Liability coverage for bodily injury or death, per accident, in amounts no less than:(A) \$200,000 for a vehicle with a seating capacity of 7 passengers or less." The coverage increases as the seating capacity does, and federal financial responsibility regulations can also apply at \$1.5 million or \$5 million depending on designed seating capacity.

Rates

PUC requires fair and reasonable rates to prevent predatory pricing and gouging of consumers. They are flexible with a zone of reasonableness permitting rates of 10% higher or lower of approved rates. These rates must be filed with the Commission and a tariff available to all. Higher or lower rates can be applied for, but must be justified and approved. Additionally, the Consumer Advocate plays a role alongside the PUC to ensure the interests of the public are being met.

Vehicle Marking

PUC and HDOT require company names on vehicles so they can be readily identified by enforcement personnel and the general public. PUC and DOT registered markings are also required. All in the interest of transparency.

TNCs do not wish to be considered common carriers or motor carriers, yet their functions fall exactly within the definition of the PUC's "common carrier,"

Mahalo.

**Testimony of Robert Toyofuku, on behalf of Uber Technologies, Inc., in general support of
H.B. 1681, HD 1 Relating to Transportation Network Companies**

February 23, 2022

To: Chairman Aaron Johanson and Members of the House Committee on Consumer Protection and Commerce:

My name is Bob Toyofuku and I am the Government Affairs Consultant for Uber Technologies, Inc. (“Uber”) in Hawaii. I am submitting this testimony on behalf of Uber in support of the provisions of H.B. 1681, HD 1 Relating to Transportation Network Companies except for one issue mentioned in this testimony.

The purpose of this bill is to provide uniform regulations for TNC companies in Hawaii. The Uber app facilitates Transportation Network Company (TNC) services. This provides flexible work opportunities for thousands of small business owners across Oahu, Maui, Hawaii (Big) Island, and Kauai. Uber’s technology platform connects local, independent drivers, with Hawaii residents and visitors. Before the pandemic began in early 2020 these independent drivers completed millions of trips every year throughout Hawaii via the Uber platform. This bill basically would create uniform regulations for TNC operations throughout all of Hawaii. TNC driver screening and other operating requirements are currently only mandated for the City and County of Honolulu, under ROH Chapter 12. TNC insurance regulations are mandated by HRS 431:10C-703 and TNC airport operations are subject to HAR Title 19, Chapter 20.1.

H.B. 1681, HD 1 would ensure TNC driver screening and other operating requirements are mandated for all islands throughout Hawaii, not just the City and County of Honolulu. Most of the provisions of this bill are similar to the current requirements of Honolulu ROH Chapter 12 and mandate background screenings for all drivers. These screenings include criminal background checks on all potential drivers. These checks must search federal, state, and local databases as well as the Sex

Offender Public Registry Website. Driver Motor Vehicle Record (MVR) checks are also included. Various other TNC operating requirements are also addressed, including fare transparency, driver and vehicle identification, receipt requirements, non-discrimination and accessibility policies, record retention, and audit provisions. This version of the bill also contains the provisions which were discussed with key staff persons at the Department of Transportation (DOT). The primary role of the DOT is to issue permits and to do an annual audit and it has said that they are capable of doing so.

Uber is of the opinion that a statewide regulatory framework as set forth in this bill will benefit all of our residents as well as tourists and provide necessary uniform regulation throughout the state.

Uber has one concern with this bill. In the first paragraph I mentioned that Uber supports most of the provisions of this bill. The provision on page 6, lines 19 & 20 which requires, as a prerequisite that “(F) A copy of the individual’s general excise tax license” raises concerns with Uber. Uber sends a 1099 form to the State Department of Taxation at the end of the year which provides the State with a record of what a driver has earned. Also, Uber informs all drivers to obtain a State General Excise Tax license when an individual applies to be a driver and periodically thereafter.

I am not aware of any Hawaii law that, prior to allowing a person to provide services, requires a business to first get a copy of the person’s General Excise Tax (“GET”) license. I feel that this requirement is not good policy where this provision would only apply to TNC drivers, and not to an array of other providing services to businesses, such as property managers, pool cleaners, custodial services, electricians, IT services, handyman services, and accountants. Therefore, Uber believes this provision unfairly imposes a requirement on TNC drivers and which is not imposed on any other group of individuals who provides services in Hawaii. The request is that this provision be removed.

In conclusion, Uber is of the opinion that the best alternative is to send a 1099 tax form to the Tax Department to indicate that an Uber driver has earned income and is responsible for the GET tax and the state income tax.

Thank you for the opportunity to present this testimony and I am available for any questions which you may have.

TESTIMONY OF ALISON UEOKA

COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Aaron Ling Johanson, Chair
Representative Lisa Kitagawa, Vice Chair

Wednesday, February 23, 2022
2:00 p.m.

HB 1681, HD1

Chair Johanson, Vice Chair Kitagawa, and members of the Committee on Consumer Protection & Commerce, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** Section 4 of this bill. We note that insurance requirements have been in the law for Transportation Network Companies (TNCs) since 2016. This bill contains provisions to regulate TNCs outside of insurance requirements, with the exception of Section 4 of this bill, which seeks to make the insurance provisions permanent.

Thank you for the opportunity to testify.



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII
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COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Aaron Ling Johanson, Chair
Rep. Lisa Kitagawa, Vice Chair

Wednesday February 23, 2022

HB1681 HD1 Relating to Transportation Network Companies

Chair Johanson, Vice-Chair Kitagawa and Members of the House Committee on Consumer Protection and Commerce:

My name is Timothy M. Dayton, General Manager of GEICO. GEICO provides car insurance for 182,000 households throughout the Islands. This measure would make the temporary motor vehicle insurance requirements for Transportation Network Companies permanent. The temporary regulations have worked well. **GEICO supports HB1681 HD1** and urges your favorable consideration and passage.

Thank you for the opportunity to submit this testimony.

Sincerely,

Timothy M. Dayton, CPCU

WRITTEN TESTIMONY OF MEGAN SIRJANE-SAMPLES OF LYFT

HB 1681 & HB 1596

Relating to Transportation Network Companies House Committee on Consumer Protection and Commerce February 23, 2022 2:00pm.

Chair Johanson, Vice Chair Kitagawa, and Committee Members,

My name is Megan Sirjane-Samples, and I am the Director of Government Relations for Lyft. Lyft supports both House Bill 1681 and House Bill 1596, which creates a statewide regulatory and insurance framework for rideshare companies that will allow Lyft to expand throughout the state and will permanently remove the sunset provision from the TNC insurance statute.

Lyft was founded in 2012 with the mission of reconnecting communities through better transportation and making our cities more livable. Lyft is an online platform that connects people with efficient, friendly and reliable drivers in their community. At a basic level, Lyft was created as an alternative to personal car ownership, and we make it easier for people to offer their neighbors a ride and carpool more efficiently.

In Oahu, Lyft has been operating since June 2014, and on Big Island, Maui, and Kauai since March 2017. Lyft's availability enhances transportation options for locals and tourists alike as we operate at airports and harbors across the four islands. As of this year, 45 states across the country have passed statewide rideshare legislation, like HB 1681, that regulates transportation network companies ("TNCs") through a uniform framework. Vermont and Louisiana were the 44th and 45th states, respectively, to pass such legislation. We support HB 1681 in hopes that Hawaii can become the 46th state to pass comprehensive TNC legislation. Similarly, House Bill 1596 would take the current insurance provisions and make them permanent across the state.

During the Covid-19 pandemic, Lyft has been instrumental in helping locals access work, medical appointments, and other essential services. Across the islands, Lyft has partnered with with a dozen organizations, such as Hawaii Food Bank, U.S. Vets Hawaii, Hale Kipa, Lunalilo Home and Hauoli Homecare on Oahu, Kauai Adult Health Center, and Na Hoaloha on Maui, to support essential travel, including rides for survivors seeking shelter, kūpuna accessing grocery stores and medical appointments, and individuals looking for work opportunities.

We are proud that Lyft is more than just a transportation network company-- during a challenging year when workplaces have shuttered or scaled back employee hours, Lyft has provided a unique and flexible economic opportunity that allows anyone with a car to be an entrepreneur who can set a schedule according to their terms. In fact, 97% of drivers on the Lyft platform in Hawaii drive fewer than 20 hours per week. The Lyft driver community is made up of retirees, single parents, students, folks trying to get around, and families looking to earn extra income. In Hawaii, drivers span a diverse cross-section of the community-- 42% of drivers are over the age of 50, 17% are veterans, 16% identify as female, 15% are retired, and 26% speak a language other than English at home. Further, Lyft supports first/last mile solutions to help fill

transit gaps -- 46% of rides start or end in low-income areas and 23% of riders have used the Lyft platform to access healthcare services.

Along with these community and economic benefits, we believe that Lyft is contributing to a more sustainable Hawaii. In fact, 42% of riders have used a Lyft service to get to or from public transit, and 43% of riders who have access to a personal car use that car less because of Lyft. By taking a Lyft instead of driving their cars, Hawaiians are not just saving time, they are reducing congestion, freeing up parking, making more efficient use of existing roads, and supporting sustainable transportation infrastructure.

Statewide legislation is a path towards providing consumers, drivers and visitors a consistent experience with Lyft across islands. Through HB 1681 and HB 1596, we urge this committee to support establishing this comprehensive regulatory and insurance structure that can be applied to all ridesharing companies regardless of size and cities of operation to ensure that responsible, reliable, and affordable rides are available for all in Hawaii.

Thank you for your consideration of Lyft's testimony in support of HB 1681 and HB 1596.