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FROM THE DESK OF:
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February 6, 2017

Senator Costello
Alaska State Senate
State Capitol
Interdepartmental Mail Stop 3100
Juneau, Alaska 99801-1182

Re: SB 14; Act Relating to Transportation Network Companies

Dear Senator Costello:

I am an Anchorage attorney with over 30 years experience in representing clients in matters related to municipal regulation of taxicabs, limousines and vehicles for hire in Anchorage. I have reviewed in detail SB 14, a critical component of which appears to be to exempt so-called "transportation network companies", such as Uber and its drivers, from municipal regulation. For the following reasons, I strongly urge that you not support this proposed legislation.

The State of Alaska has always deferred to municipal governments to regulate commercial transportation of customers in the municipalities. Local transportation services and needs vary from city to city, and a "one-size-fits-all" approach is inappropriate. The State has not meddled in matters concerning insurance requirements, vehicle and passenger safety requirements, maximum fare ceilings and the like, which have been appropriately deemed to be a matter of local municipal concern.

Transportation network companies - - "TNCs" - - in many respects provide the same on-demand transportation services as do commercial taxicabs or other passenger transportation vehicles, and they present many of the same regulatory concerns. The municipalities, who have long experience in determining what degree of regulation of passenger transportation services is necessary, are in the best position to determine how TNCs fit into the regulatory picture.

The Municipality of Anchorage has already considered and is now again actively considering a TNC ordinance. The Assembly has thus far declined to provide special laws for TNCs which are distinct from taxicabs and other passenger vehicles for hire, in the interest of providing a level playing field for what are

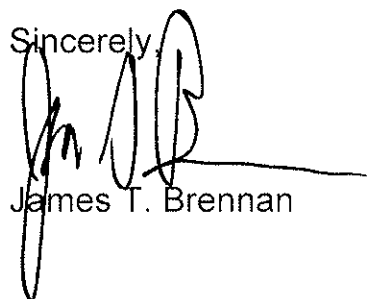
reasonably viewed as direct competitors. However, this is an ongoing municipal issue, which should be resolved by municipalities, not the state.

The legislative intent of SB 14 appears to be to free TNCs from city laws that extensively regulate taxicabs as to safety requirements, insurance, driver training and licensing, fingerprint background checks, trip reports accessible to a municipal regulator, and numerous other requirements which contribute to the expense of operating a taxicab. Stripped of its jargon, a "transportation network company" and its drivers provide exactly the same service as a taxicab dispatch company and taxicab drivers: On-demand services to meet the specific needs of customers for unscheduled transportation from point to point. TNCs and taxicabs - - that themselves feature smartphone "app" technology - - would be direct competitors, plain and simple. If TNCs are allowed into Alaska free of municipal regulations with which taxicabs must comply, SB 14 would create an unlevel playing field and unfair competition.

If the Legislature enacts SB 14, a court challenge will likely result in a holding that it violates the Equal Protection Clause of the Alaska Constitution because it would discriminate against regulated taxicabs. Numerous Alaska Supreme Court decisions have held that, where classifications and distinctions do not relate to the purpose of the legislation, they are unconstitutionally discriminatory. A statute which exempts TNC companies and their drivers from municipal regulations that apply to other transportation services, including taxicabs, providing essentially the same service may well be found to be unconstitutionally discriminatory.

Given the daunting budgetary issues now facing Alaska, it would be odd timing for the Legislature to consider its first-ever foray into regulation of matters which, until now, have been handled by the municipalities.

Sincerely,

A handwritten signature in black ink, appearing to read "JTB", with a long horizontal line extending to the right.

James T. Brennan