GENERAL TEAMSTERS LOCAL 959
STATE OF ALASKA

Affiliated with the International Brotherhood of Teamsters
Rick Boyles, Secretary-Treasurer
520 E. 34th Ave., Suite 102, Anchorage, Alaska 99503
Phone (907) 751-8501 • Fax (907) 751-8599

February 21, 2017

Honorable Louise Stutes, Co-chair
Honorable Adam Wool, Co-chair
House Transportation Committee
State Capitol
Juneau, AK 99801

RE: House Bill 132- Transportation Network Companies and Drivers

Dear Representatives Stutes and Wool:

After reviewing HB 132, legislation that creates a foundation allowing Transportation Network Companies (TNC) and their drivers to operate in the state of Alaska, we want to go on record opposed to the bill in its current form.

Teamsters Local 959 is a statewide union and we represent workers in almost every industry in over 250 different classifications such as truck drivers, airline pilots, engineers, land surveyors, miners, telecommunication, nurses, bus drivers, construction workers, etc. As such, protecting workers, worker rights and benefits, is our job. We work with our employers to assure our members have health benefits, pension, safe work environment, and are treated with dignity and respect.

The Teamsters believe it is important to protect all worker rights whether it is safety on the job through OSHA, nurses overtime legislation, overtime laws and Workers' Compensation, to list a few. No worker plans to be injured on the job, but if they are the employee and their family should be protected. Reviewing many cases in the lower 48, and having spoken with some of the Uber drivers in Washington State, it seems these drivers should be considered employees of the company. When Uber operated out of Anchorage for a brief period of time, the Department of Labor & Workforce Development found their drivers were employees and fined them for not paying Workers' Compensation. Uber paid the fine but then stopped operating in Anchorage. It has been stated by some that taxi cab drivers are exempt from AS 23.30.230(a) and therefore the TNC drivers should be also. We would point out that under the statute not all taxi cab drivers are exempt and the communities around the state are able to set their own regulations depending on the needs. With respect to insurance Uber provides insurance for the customer and they also have control over all the rules and regulations that govern the drivers. That is not the case with a taxi driver.

In the city of Seattle the drivers are organizing and it was not without a battle. Their company spent millions of dollars fighting the proposed legislation and is now challenging it in court. Some of the complaints from the drivers included reduced hours,

inability to earn a living wage (pay cut by 15%), unfair terminations (app would be disabled if drivers spoke out), insurance pooling, company required expensive car upgrades, and fairness and respect issues; all of which are common employee issues.

In summary, HB 132 should recognize drivers of any TNC as an employee not an independent contractor. It is a special crave out for TNC's that sets bad public policy for workers in our state. The bill:

- Significantly diminishes the established criteria used by the State of Alaska to determine whether an individual is an employee or independent contractor, specifically the ABC test AS 23.20.525(a)(8)(A-C);
- Creates an unfair advantage for TNC companies;
- Allows an industry to write its own workplace standards as opposed to requiring compliance with established standards that equitably balances the rights between both workers and employers;
- Diminishes the revenue the state will see from Employer contributions for unemployment insurance and Workers' Compensation;
- Weakens the definition of what constitutes an "employee" for certain companies, opening the door for "Worker Misclassification" issues and allow bad actors into the industry;
- Deprives workers of a minimum hourly wage;
- Allows TNC's, some worth over $39 billion, to void all worker protections and pay little towards our state economy.

On behalf of working people in our state, especially those who are unrepresented, we ask that the existing work rules be enforced. These rules are intended to protect workers and important state programs. We ask that HB 132 be amended to protect workers, especially the drivers for these TNC's.

Your time and consideration of this matter is greatly appreciated.

Sincerely,

TEAMSTERS LOCAL 959

Rick Boyles
Secretary-Treasurer

Copy: Representatives Claman, Drummond, C.Kopp, Neuman and Sullivan-Leonard

LAW OFFICES
BRENNAN ■ HEIDEMAN
A PROFESSIONAL CORPORATION

FROM THE DESK OF:
JAMES T. BRENNAN
ATTORNEY AT LAW
jbrennan@law-alaska.com

February 21, 2017

Representative Adam Wool
Alaska State Capitol
Juneau, Alaska 99801-1182

Re: CSSB 14, Regulation of Transportation Network Companies; Fiscal Note

Dear Representative Wool:

I am an Anchorage attorney with many years experience representing various components of the Anchorage Taxicab Industry in connection with municipal regulation of the industry. I am familiar with the regulatory issues which would be presented by the startup of transportation network companies (TNCs), including Uber, in Alaska, and have followed the development of SB 14, including the latest, committee substitute version.

The committee substitute, at Section 5, would, for the first time, saddle DCCED with administration/enforcement of the proposed new statute and regulations thereunder. This would be an entirely new role for the agency, regulation of motor vehicles. Because TNC regulation would also be brand new to the state (which has not previously engaged in regulation of passenger transportation, previously undertaken by the municipalities), this first-time foray into regulation will require adequate agency staffing. The TNCs are new players in the passenger transportation industry, and it would be a gross understatement to say that their entry into commerce has created headaches for municipal, state and national governments, worldwide. A new state law authorizing TNCs will require a full agency commitment to administer and enforce the new law.

The Fiscal Note accompanying the committee substitute is for $280,500, essentially for two new positions, one for an investigator and one for a consumer service specialist. In my opinion, this is inadequate.

The Municipality of Anchorage has Transportation Inspection office to handle regulation of taxicab and limousines under longstanding municipal code provisions. Though it administers regulation in only one city, it requires four fulltime employees. It is unrealistic to believe that a state agency administering

startup state regulation of TNCs in cities all over Alaska will be able to adequately enforce the statute with only two additional staffers.

Among the requirements of the statute for which compliance, monitoring and enforcement by the agency will be required are:

- Required insurance provisions for both the TNC company and each TNC driver.
- Disclosure to all customers of safe fare rates, fare calculation method, and the customer's option to get an estimated fare before undertaking a ride.
- Display of pictures of arriving TNC drivers to customers.
- Provision for electronic receipts to customers.
- Disclosures to drivers by the TNC of the TNC's insurance coverage, including potential non-coverage in certain circumstances.
- Confirmation of compliance with independent contractor requirements, e.g., TNC not requiring specific hours, not restricting the drivers' ability to work with other TNCs or for other employers; and existence of a written contract with each driver.
- Enforcement of zero tolerance for alcohol and drugs.
- Local and national criminal background check for each driver, including a multi-state criminal records check and a national sex offender record check.
- TNCs obtaining driving history for each driver.
- Nondiscrimination.
- TNC's ongoing maintenance of required records.

On a state-wide basis, this is a tall order. The foregoing does not even take into account the need for establishment of some system for penalties, e.g., fines, suspensions and revocations, in the event of noncompliance by a TNC company or its TNC drivers. This will also require some provision for due process

procedures, including hearings, if a TNC company or its driver contests the agency's enforcement of the law.

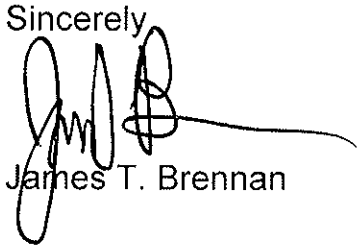
Based upon the foregoing, it is my opinion that the Fiscal Note for CSSB 14 should be increased from its current total of $280,000 to an amount commensurate with at least four new positions in DCCED.

The Anchorage Assembly, which has far longer experience than the Legislature in regulating transportation of passengers for hire, is currently considering an extensive, 23 page ordinance to regulate TNCs, which contains substantially more protections for taxicab customers, the public safety, and other considerations, which CCSB 14 lacks.

If, as provided in Section 7 of the committee substitute bill, the state intends to entirely preempt municipalities from regulating TNCs, then the state needs to step up with adequate staffing and resources to administer and enforce its own regulation of TNCs.

Thank you for your attention to this matter.

Sincerely,



James T. Brennan

JTB;rs
3851\083
cc: Laura Stidolph

Hello Representative Wool

I would like to express my concerns with HB132 regarding Transportation Network Companies. As i feel there are many things wrong with this bill, Insurance too low, Uber drives down wages, cities would have no say in this matter what so ever and would lose revenue from enforcement , state would lose money, fiscal note is too low (should be closer to $400K per year), Criminal background checks are inadequate by Juneau police departments standards.

Uber should pay, Everyone else pay's, Just in Juneau the taxi industry pay's about $200,000 in sales tax, and other fee's associated with being a taxi (and thats just Juneau). Think about how much the cities could get from Uber if it were regulated properly, money that could go to schools, roads, jobs, etc.. Instead this could let a $5 Billion dollar company in for FREE. Thats just crazy to me.

There are many many more but i would like to mention something that is even more important:

BUYERS REMORSE, What happens if this passes and Uber is not what it seems and we just gave them an open door to the ENTIRE state, what do we do? well unfortunately there isn't an easy answer to that from what I have read, Once we let them in (unregulated) it would cost a fortune to get rid of them, Or even try to add regulation later. Uber will fight it tooth and nail, they are doing that all over the world now. Taxi's have been around since 1911 and no they are not perfect, I've also heard bad things about doctors, pilots, police officers, etc.. But to think they are all bad because of a few peoples actions? I think thats wrong. Even taxi drivers deserve to have a chance to continue making a decent wage to support there families.

If people want Uber that's fine, But they need to be on a level playing field with everyone else, And the cities, Towns, And municipalities need to regulate them locally like everywhere else does.

Thank you for your time,
James Harris
907-723-1882

CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

OFFICE OF THE MANAGER
Telephone: (907) 586-5240; Fax: (907) 586-5385
Rorie.Watt@juneau.org

March 9, 2017

The Honorable Sam Kito
Alaska State House of Representatives
Room 403, State Capitol
Juneau, AK 99801

RE: Senate Bill 14 and House Bill 132 re: Transportation Network Companies

Dear Representative Kito:

Thank you for the opportunity to comment on pending legislation in House Labor and Commerce relating to transportation network companies and transportation network drivers. The City and Borough of Juneau recently had a work session with the Committee of the Whole to discuss SB 14 and HB 132. That discussion resulted in a great deal of concern over Sections 7 and 8 in CS for HB 132 (TRA) and CS for SB 14 (FIN). These sections prohibit a municipality from enacting or enforcing an ordinance regulating transportation network companies or transportation network drivers.

While the City and Borough of Juneau does not generally oppose "transportation network companies" we object to the provisions in the legislation that prohibit a home rule municipality from enacting or enforcing local ordinances that may regulate them. The City and Borough of Juneau believes that regulating local transportation is a local issue and requests these sections be removed.

We believe regulating transportation businesses such as taxis and the newer technology-driven transportation network drivers at the local level is consistent with Article X Section 1 of the Alaska Constitution which states "The purpose of this article is to provide for maximum local self-government…"

Taxis are a good example of localized governance. Recognizing the importance of safety, especially in situations where persons in more vulnerable states – leaving bars late at night – Juneau elected to regulate taxis through our local police department requiring background checks for drivers utilizing fingerprints. In Anchorage, several incidents caused the Muni to require taxis to install cameras. While Anchorage and Juneau regulate taxi fares the City of Fairbanks has

decided not to regulate fares. These are just three examples of local governments enacting ordinances or not enacting ordinances to manage local concerns.

That said we also recognize that the legislature has the authority to remove local control where state policies are meant to further a specific statewide policy and to uniform statewide application. Ultimately, the decision as to whether the fairly new technology-driven "transportation networks" meet the need for local preemption for statewide uniformity is a question for the legislature.

While we prefer retaining local control, if the legislature deems statewide uniformity to be necessary we ask that local control be retained as much as practicable. In this instance we suggest you consider adding authority or clarifying that the following powers are left to local control:

- Ability to require transportation network drivers to register as a business with the municipality, in the same manner as other businesses.
- Ability to apply sales tax ordinances.
- Ability to enact and enforce ordinances, not specifically targeted to prohibiting transportation networks from conducting business in the municipality.

Another concern raised was the issue around sufficiency of background checks. Currently the legislation would prevent a municipality from requiring a background check that utilized fingerprints, a requirement currently enforced for taxi drivers doing business in Juneau. It's important to note that the Alaska Legislature currently requires fingerprint background checks for a myriad of reasons:

> *AS 12.62.400. National criminal history record checks for employment, licensing, and other noncriminal justice purposes.*
>
> *(a) To obtain a national criminal history record check for determining a person's qualifications for a license, permit, registration, employment, or position, a person shall submit the person's fingerprints to the department with the fee established by AS 12.62.160. The department may submit the fingerprints to the Federal Bureau of Investigation to obtain a national criminal history record check of the person for the purpose of evaluating a person's qualifications for*
>
> *(1) a license or conditional contractor's permit to manufacture, sell, offer for sale, possess for sale or barter, traffic in, or barter an alcoholic beverage under AS 04.11;*
>
> *(2) licensure as a mortgage lender, a mortgage broker, or a mortgage loan originator under AS 06.60;*
>
> *(3) admission to the Alaska Bar Association under AS 08.08;*
>
> *(4) licensure as a collection agency operator under AS 08.24;*
>
> *(5) a certificate of fitness to handle explosives under AS 08.52;*

(6) licensure as a massage therapist under AS 08.61;

(7) licensure to practice nursing or certification as a nurse aide under AS 08.68;

(8) certification as a real estate appraiser under AS 08.87;

(9) a position involving supervisory or disciplinary power over a minor or dependent adult for which criminal justice information may be released under AS 12.62.160(b)(9);

(10) a teacher certificate under AS 14.20;

(11) a registration or license to operate a marijuana establishment under AS 17.38;

(12) licensure as a security guard under AS 18.65.400 - 18.65.490;

(13) a concealed handgun permit under AS 18.65.700 - 18.65.790;

(14) licensure as an insurance producer, managing general agent, reinsurance intermediary broker, reinsurance intermediary manager, surplus lines broker, or independent adjuster under AS 21.27;

(15) serving and executing process issued by a court by a person designated under AS 22.20.130;

(16) a school bus driver license under AS 28.15.046;

(17) licensure as an operator or an instructor for a commercial driver training school under AS 28.17;

(18) registration as a broker-dealer, agent, investment adviser representative, or state investment adviser under AS 45.55.030 - 45.55.060.

We suggest that the legislation either provide for municipalities to regulate the sufficiency of a background check or that the legislature adopt a statewide standard that requires fingerprints under AS 12.62.400. We believe the need to ensure the safety of our residents when businesses are providing transportation is as important as requiring it for a substitute teacher making as little as $11.00 an hour, a massage therapist or teaching commercial driving.

Thank you again for providing an opportunity to comment. We believe it is very important to promote and preserve local control and allow the most flexibility at the local level of regulating local commercial transportation. Please let us know how we can constructively engage in the remaining days of this legislature.

Sincerely,

Duncan Rorie Watt
City and Borough Manager

Tally Teal

From: Rep. Sam Kito
Sent: Tuesday, March 07, 2017 4:43 PM
To: Tally Teal
Subject: FW: UBER/LYFT Transportation companies

Follow Up Flag: Follow up
Flag Status: Flagged

-----Original Message-----
From: akhouse@belfast.servershost.net [mailto:akhouse@belfast.servershost.net]
Sent: Tuesday, March 07, 2017 3:41 PM
To: Rep. Sam Kito <Rep.Sam.Kito.III@akleg.gov>
Subject: UBER/LYFT Transportation companies

From: Debbie White <debbie@isellalaska.com>
Subject: UBER/LYFT Transportation companies

Message Body:
Please make sure we have local authority. We've worked to hard to set up rules that protect the public: Insurance, driver health/physicals, vehicle condition, etc.

I hear you had some personal bad experience with a taxi but please don't punish an entire industry over one mistake.

--
This e-mail was sent from a contact form on Representative SAM KITO III (http://akhouse.org/rep_kito)

House Labor & Commerce: 3/12/17
cc: Sen Stedman:
cc: Rep Kriesethomkins:

Rarely, do we see as misguided a bill, in the legislature, as Senator Costellos' bill to promote internet taxi operators. Firms like Uber and Lyft. (SB 14)
Costellos' bill would usurpe municipal taxi management. And, replace it with a state system gamed to promote interstate "ride providers".
In doing so, it would sacrifice municipal oversight that regulates taxi fares by imposing a ceiling on the maximum fares allowed, by city statute, and eliminating local screening of drivers with criminal backgrounds. Most of us, noted the Uber driver (Michigan, I think) who turned out to be a serial Killer.
More importantly, the public should note, that, when you dial that interstate taxi service provider; 25% of the fare goes outside Alaska. And, that 25% is about half of the profit from ~~the~~ fare. Almost half the fare is expenses, for the operator. Money spent in other local businesses for fuel, tires, mechanics, etc.
The bills sponsors claim to be "promoting economic growth". In reality, they are reallocating existing

untaxed,
business to outside, out of state corporations.
They claim they will promote efficiency, as "ride providers" would be "most active in times of peak demand." But, that's the problem, now. Too many "cherry-pickers" suck the profits out of the business. Without providing reliable service to the public. Where are they when you need them?

Real Cab drivers work long shifts to provide reliable service. So, that when you need a ride to the airport, or home from the bar, someone will actually respond to your request.

Costello's bill would sacrifice public safety, and ship millions of dollars in taxi revenues, outside Alaska.

It is my hope the Sitka City Assembly will take a stand against SB 14.

Taxi operators, and drivers bust their ass for this community. They deserve more respect from the public, and legislators pandering to outside corporate interests.

[When you pinch half the profit from local operators' fares, There goes their money for vehicle maintenance. i.e. public safety]

Sincerely
Sigurd Rutter
738 TAXI
Sitka

Tally Teal

From: Crystal Koeneman
Sent: Thursday, March 16, 2017 2:51 PM
To: House Labor and Commerce
Subject: FW: HB 132

Importance: High

Follow Up Flag: Follow up
Flag Status: Flagged

From: Jon Bolling [mailto:jbolling@aptalaska.net]
Sent: Thursday, March 16, 2017 2:45 PM
To: Rep. Sam Kito <Rep.Sam.Kito.III@akleg.gov>
Cc: Rep. Jonathan Kreiss-Tomkins <Rep.Jonathan.Kreiss-Tomkins@akleg.gov>
Subject: HB 132
Importance: High

Hello Rep. Kito.

The City of Craig does not support HB 132 in its current form. It is important that the municipalities in which these vehicles for hire operate all be subject to local review, just as taxi and other vehicle for hire services are now. Craig has a long history of fairly regulating vehicles for hire. Our local requirements for vehicles for hire are simple: provide documentation of insurance; have vehicles checked by a mechanic for safety; have vehicles checked by local police officer for working lights, turn signals, and so on; commit to late hours of operation to provide the public with reliable transportation, especially to reduce the likelihood of intoxicated drivers; and other straightforward rules. Removing local review of Uber/Lyft-type vehicles for hire creates an unequal playing field.

Craig would welcome the addition of these new vehicle for hire services. Please do not adopt a bill that creates two different operating requirements for the same vehicle for hire service, while at the same time removing the opportunity for a modicum of oversight of one classification of this service.

Jon Bolling

Craig City Administrator

"Village with a Past, City with a Future"

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www.ci.kenai.ak.us

March 16, 2017

The Honorable Sam Kito
Alaska State House of Representatives
120 4th Street,
Room 403 , State Capital
Juneau, AK 99801

RE: Senate Bill 14 and House Bill 132 re: Transportation and Network Companies

Dear Representative Kito:

Thank you for the opportunity to comment on HB 132 pending in the House Labor and Commerce Committee. My primary concern with HB 132 is Section 8, which prohibits the City of Kenai and other municipalities from regulating transportation network companies and drivers. The City of Kenai, as a home rule municipality, should be able to regulate local transportation within the City. Regulating transportation within the City is consistent with the Article X Section 1 of the Alaska Constitution which provides for maximum local self-governance and a liberal construction for local powers. Please consider amending HB 132 to allow for a meaningful level of local control should the City desire to regulate transportation network companies and drivers to ensure fair business competition and safety within the City. I look forward to testifying when public comment is allowed.

Your consideration is appreciated.

Sincerely,

Paul Ostrander
City Manager

City of Ketchikan

March 17, 2017

The Honorable Sam Kito, Chair
House Labor & Commerce Committee
Alaska State House of Representatives
Rom 403, State Capitol
Juneau, Alaska 99801

Dear Representative Kito:

Re: Senate Bill No. 14 and House Bill No. 132, Acts Relating To Transportation Network Companies and Transportation Network Company Drivers

With regard to the above referenced subject, please be advised that at its meeting of March 16, 2017, the City Council considered Senate Bill No. 14 and House Bill No. 132, Acts Relating to Transportation Network Companies and Transportation Network Company Drivers. While the City Council has yet to take a formal position regarding "transportation network companies," the City of Ketchikan has significant concerns regarding the provisions of both bills that state:

> "The authority to regulate transportation network companies and transportation network drivers is reserved to the state, and, except as specifically provided by statute, a municipality may not enact or enforce an ordinance regulating transportation network drivers. This section applies to home rule and general law municipalities."

Unless modified and/or clarified, the City Council has expressed grave reservations over this language that would apparently limit the City's ability as a home rule municipality to address local transportation issues including, but not limited to, the following;

- application of local sales taxes;
- application of vehicle standards;
- the necessity of background checks for drivers;
- the requirement of adequate levels of insurance for vehicles operated under the auspices of transportation network companies;
- the ability to regulate vehicles operated by transportation network drivers wishing to access southeast Alaska ports of call;
- the application of standards imposed by the Americans with Disabilities Act (ADA); and

- the unfair competitive advantage over local cab companies that are required to apply for Certificates of Public Convenience and Necessity to operate within the City of Ketchikan's jurisdiction.

If the Legislature continues to believe that statewide regulation of transportation network companies is necessary to provide uniformity across the state, the City Council respectfully requests that provisions be inserted in both bills to provide as much local control as necessary to address the specific concerns discussed above. The City of Ketchikan believes it is critically important to provide as much authority as possible at the local level to regulate commercial transportation entities. Such local oversight is necessary for the benefit of Ketchikan residents and the approximately one million cruise ship passengers that visit the community annually.

Should you have any questions on this matter, please do not hesitate to contact me.

Sincerely,

Lew Williams III
Mayor

cc: Senator Bert Stedman
Representative Dan Ortiz
Councilmembers
Karl R. Amylon, City Manager
Katy Suiter, City Clerk

Tally Teal

From: Crystal Koeneman
Sent: Friday, March 17, 2017 10:14 AM
To: House Labor and Commerce
Subject: FW: House Bill 132 - Important online link

Follow Up Flag: Follow up
Flag Status: Flagged

From: Dennis Harris [mailto:customjuneautours@ejuneau.net]
Sent: Friday, March 17, 2017 6:18 AM
To: Rep. Sam Kito <Rep.Sam.Kito.III@akleg.gov>; Rep. Adam Wool <Rep.Adam.Wool@akleg.gov>; Representative.Andy.Josephseon@akleg.gov; Rep. Louise Stutes <Rep.Louise.Stutes@akleg.gov>; Rep. Chris Birch <Rep.Chris.Birch@akleg.gov>; Rep. Gary Knopp <Rep.Gary.Knopp@akleg.gov>; Rep. Colleen Sullivan-Leonard <Rep.Colleen.Sullivan-Leonard@akleg.gov>; Rep. Mike Chenault <Rep.Mike.Chenault@akleg.gov>; Rep. Bryce Edgmon <Rep.Bryce.Edgmon@akleg.gov>
Subject: House Bill 132 - Important online link

Dear Labor & Commerce Committee member:

I believe that you will find the online article regarding Uber to be very informative as your committee considers House Bill 132 today:

https://motherboard.vice.com/en_us/article/its-time-to-force-uber-to-tell-the-government-how-it-works

The article refers to a University of Washington research paper published this week that provides a much more in-depth look at "sharing economy" firms:

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2929643

Thank you for your careful consideration of this bill.

Dennis P. Harris
12th Street LLC
544 W 12th St
Juneau, AK 99801-1524

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http://www.customjuneautours.com
Like my Facebook page: https://www.facebook.com/JuneauCustomTours