April 6, 2021

The Honorable Zack Fields, Co-Chair
The Honorable Ivy Sponholz, Co-Chair
House Labor & Commerce Committee
State Capitol Room 412
Juneau AK 99801

RE: Internet Association OPPOSES HB 90

Dear Co-Chairs Fields, Sponholz and Members of the Committee:

Internet Association respectfully must express our opposition to HB 90 the Vehicle Modernization Act.

Internet Association (IA) represents over 40 of the world's leading internet companies and advances public policy solutions that foster innovation, promote economic growth, and empower people through the free and open internet.

IA appreciates the Alaska legislature passing a law in 2017 to clarify the ability of transportation network companies (TNCs) being able to operate in the State. IA believes that law assists Alaskans both as passengers, drivers and improved efficiency in your transportation system. IA also believes Alaska would benefit from such clear guidance for peer-to-peer vehicles shares to operate in the state.

As opposed to HB 90, IA believes this bill would simply make peer-to-peer vehicle shares in Alaska impossible to operate. HB 90 would establish peer-to-peer vehicle shares the same as car rental companies, they simply are not.

The proposal before you attempt to treat peer-to-peer vehicle sharing platforms the same as rental car companies, when these entities rely on very different business models. Most prominently, rental car companies own and maintain their own fleet of vehicles, while platforms for peer-to-peer vehicle sharing do not own or maintain vehicle fleets.

Other differences are relevant as well. For example, this proposal appears to require peer-to-peer vehicle shares to charge a licensing cost recovery fee. Since hosts own their vehicle, the hosts cover the costs associated with licensing their vehicle. As a business practice, peer-to-peer vehicle shares do not incorporate the costs of licensing in the cost to share a vehicle. This places an undue burden on peer-to-peer networks to impose fees and costs, which otherwise would not be charged. This proposal would simply add fees and not improve safety for either the host or the customer.

Peer-to-peer vehicle sharing platforms have established requirements to ensure the cars being shared meet safety standards and that adequate insurance is provided once the customer gains control of the vehicle. The platform does not determine what vehicles are available, rather, it is based on owners' willingness to offer their vehicles. The vehicles offered will meet all relevant safety standards, so no Alaskans are at risk because of vehicle safety.

If Alaska is interested in standardizing insurance and safety measures for peer-to-peer car share, IA would recommend you consider model legislation from the National Coalition of Insurance Legislators (NCOIL). This framework was adopted with input from many stakeholders, including insurance commissioners, rental car companies and peer-to-peer car sharing companies.

Peer-to-peer vehicle shares offer car owners the chance to earn a little extra money at their convenience rather than having what is often their most expensive asset -- their car -- sit unused. That extra income could allow them the opportunity to pay off a car loan quicker, take a vacation they may not otherwise be able to, or simply save for a rainy day.

If the State of Alaska is seeking a regulatory structure over peer-to-peer vehicle shares IA would recommend the NCOIL insurance and safety standards. If there are other issues you are interested in discussing IA and its member companies are willing to discuss options with you and your colleagues. IA appreciates Alaska needs to ensure the safety of cars on your roads and the need to ensure revenues meet the needs of the State. Treating peer-to-peer vehicle shares as rental car companies does not address those needs.

For these reasons, IA respectfully must oppose HB 90. Should you have any questions please contact me at rose@internetassociation.org or 206-326-0712.

Sincerely,

Rose Feliciano
Director, Northwest Region State Government Affairs

TECHNET
THE VOICE OF THE INNOVATION ECONOMY

TechNet Northwest | Telephone 206.791.6407
www.technet.org | @TechNet

April 8, 2021

The Honorable Zach Fields
Co-Chair, House Labor & Commerce Committee
The Honorable Ivy Spohnholz
Co-Chair, House Labor & Commerce Committee
Alaska State Legislature
120 4th Street
Juneau, AK 99801

Re: HB 102- Peer-to-Peer Car Sharing

Dear Chair Fields, Chair Spohnholz, and Members of the House Labor & Commerce Committee:

TechNet is the national, bipartisan network of technology companies that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50 state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents more than three and a half million employees in the fields of information technology, e-commerce, clean energy, gig and sharing economy, venture capital, and finance. TechNet is committed to advancing the public policies and private sector initiatives that make the U.S. the most innovative country in the world.

I write on behalf of our membership to respectfully oppose HB 90, which attempts to treat peer-to-peer car sharing the same as rental car companies. Peer-to-peer car sharing has become an incredibly convenient way of connecting people wishing to utilize an Internet platform to safely and securely share their car when their personal vehicle is not being used. Peer-to-peer car sharing is distinctly different from a rental car operation, and trying to legislate them under the same regulations would create unintended consequences for these businesses and for the state. Not only would this legislation detrimentally impact small businesses, but it would discourage innovation and economic growth in Alaska.

While we are not opposed to the regulation of taxation, the coronavirus pandemic has already impacted many small businesses that are struggling to survive. Taxing small businesses that provide a leased or rental vehicle or execute rentals through a vehicle rental network would create even greater financial strain.

It should also be recognized that peer-to-peer car sharing, and the sharing economy in general, is unique. It is imperative to look at the sharing economy separately and distinctly from preexisting industries. The sharing economy is not trying to skirt paying revenue to the states in which they operate or avoid consumer protections. Instead, they are asking as a new technology to be considered as such and to think outside the box when it comes to finding legislative solutions.

Moreover, unlike other states who have regulated in this arena, Alaska has not convened any stakeholder groups for input on these bills. Thus, legislators have little information about this complex area. By forcing a new technology to conform to an outdated statutory structure created for a specific industry, HB 90 will only discourage the use of that technology. Instead, state legislators should be looking at ways to embrace innovation that would benefit residents and create a ripple effect on the entire state economy. Alaska should encourage a collaborative conversation and greater engagement with relevant parties on how to regulate new technologies in the future. Failing to do so will only discourage other technology companies from investing and locating in Alaska.

Thank you for your engagement on this issue. We strongly encourage you not to pass HB 90.

Best Regards,

Samantha Kersul
Executive Director, Northwest
TechNet
skersul@technet.org
360-791-6407

TechNet Members:

1800Contacts
Accel Partners
Accenture
Amazon
Amyris
Apple
Arch Ventures
Argo AI
AT&T
Aurora Innovation
Avail
Benchmark Capital
Bloom Energy

Box
Brighton Park
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ecoATM
Elevate
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General Motors
Getaround
GoBrands
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Grubhub
GSM
Hewlett-Packard
Enterprise
hims & hers
HireVue
Honeywell
HP, Inc.
Instacart
Intuit
JC2 Ventures
Jyve
KPCB
LexisNexis Risk
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Revolution, LLC
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Silicon Valley Bank
SmileDirectClub
Sprinklr, Inc.
TaskRabbit
TechNexus
Venture
Collaborative
Teladoc Health
Tremont Strategies
Turo
Uber
Verizon
Verizon Media
Group
Warburg Pincus,
LLC
Waymo
Wilson Sonsini
Zoom Video
Communications,
Inc.
Zoox

From: Pakak Boerner
To: Megan Holland
Subject: FW: TURO bill
Date: Friday, April 9, 2021 8:15:50 AM

From: Benjamin Hutt [redacted]
Sent: Thursday, April 8, 2021 10:56 PM
To: Rep. Ivy Spohnholz <Rep.Ivy.Spohnholz@akleg.gov>
Subject: TURO bill

Hello and thank you for serving as a representative. My name is Benjamin Hutt, a teacher in Alaska and I can very plainly say, I am not a car rental company. I myself own the car and drive it, the car is not a company. I do not have a staff completing paperwork or staff cleaning the car. I am the one Alaskan using my time to share my car. I do not own a parking lot, I have a community parking space by my condo. The state of Alaska is not helping me maintain my vehicle. The state is not cleaning my vehicle. The state does not subsidize the outrageous costs of insurance. Why should I subsidize State coffers when I am trying to provide a transportation option to tourists, who bring in out of state dollars. Right now I''m on track to cover the car payment, insurance and make $440 for probably 40 hours of work. This comes out to $11 dollars as an hourly wage for my projected entire summer. My transportation also comes with a rooftop tent, something unavailable to renters choosing a car rental company. Turo is unique and an asset to building tourism in Alaska, while helping Alaskans cover their personal expenses. The margins are too low to be taxing individuals who probably offer less than 5% of transportation options to tourists. Instead of just taking my money, like a parasite, perhaps the State of Alaska would have a more symbiotic relationship in mind? I wouldn't mind a tax if the state paid my insurance. I understand the state has needs. I am against any tax on my business with other car sharing people on TURO. I propose for any Alaskan sharing their car on Turo a maximum 2% tax be levied, with the first three vehicles, per person being exempt from the tax. I stipulate that once a person is renting out more than three vehicles, the business is becoming closer to a company that rents cars rather than an individual. I urge the State of Alaska to stay out of my individual affairs and go after the out of state dollars. Thank you for your time. The tax would make Turo less attractive to tourists and benefits rental companies who are out of state businesses. I urge you to consider taxing only individuals sharing more than three cars to protect entrepreneurship of individual Alaskans.

Thank you for your consideration,
Ben Hutt, Teacher

Sent from Yahoo Mail on Android

From: Kyndell Gaglio
To: Rep. Ivy Spohnholz
Subject: House Bill 90
Date: Thursday, April 8, 2021 7:50:12 PM

Honorable House Labor & Commerce Committee Members:

Please consider the following comments in opposition to House Bill 90.

Turo is a peer-to-peer car sharing marketplace. While Turo has no employees or footprint in the state of Alaska, through our marketplace, your constituents who own vehicles can share their cars with those in need of a vehicle for a price set by the car owner. Both driver and owner are covered from an insurance standpoint throughout the duration of the trip.

While several of these platforms exist in other markets, to our knowledge, Turo is the only app of this sort currently operating in Alaska. Hundreds of Alaskans share their personal vehicles on the Turo marketplace, generating, on average, a few hundred dollars a month. These community members are from military or former military families, teachers, small business owners, etc., and report that the app is a great way to generate extra income to pay for household necessities (groceries, rent, car payments, student loans, etc.), while putting an underused vehicle to use.

While the proponents of this legislation assert that a peer-to-peer car sharing application is the same as a car rental company, that's factually inaccurate. And the differences between the two entities are not semantic; rather, they present two very different business models for utilizing a vehicle, and they should be treated differently in a regulatory structure. A multitude of states agree with this important distinction and no state that has considered legislation to regulate peer-to-peer car sharing has defined the two industries the same and considered them the same for the purposes of taxation.

Yet this legislation does exactly that: it inserts vehicle sharing marketplaces into state statute as rental car companies- treating your individual constituents like multibillion dollar, multinational rental car companies. Yes, both transactions involve an exchange of money, but to simply assert that that fact alone equates the two makes little sense. By analogy, because someone can pay to view a film, that doesn't mean that Blockbuster Video is the same as Netflix streaming service. They operate very differently and they implicate very different requirements for regulation.

Rental car companies own large fleets of vehicles, which are rented out to customers. They buy and sell these vehicles throughout the country, and take advantage of sales and other tax exemptions in doing so. They also benefit from being able to pass through vehicle licensing expenses to users. Rental car companies have received over a hundred million dollars in government handouts and breaks over the past year alone. Unlike rental car companies, Turo does not own any vehicles and your constituents that do and choose to share those vehicles on the platform do not have access to the aforementioned benefits.

A large, privately held rental car company has pushed for bills that treat peer-to-peer car sharing platforms like rental car companies in dozens of states. None of those states have accepted the assertion that the two entities should be treated the same. In fact, most jurisdictions have convened stakeholder engagement meetings to address the many unique factors presented by this new business model. They have generally settled on a process whereby a separate chapter of law is created that addresses car sharing marketplaces specifically, as distinct from car rental companies. That makes a lot of sense, and the National Council of Insurance Legislators, in partnership with the American Property Casualty Insurance Association and the National Association of Mutual Insurance Companies have agreed that peer-to-peer should be addressed uniquely in state law and they've created model legislation to do so. These organizations were not consulted in developing this bill, which strays from the model legislation. Treating peer-to-peer car sharing platforms like rental car companies will create confusion among user groups, establish regulatory inconsistencies, and be to the detriment of your constituents currently using car sharing to pay their bills.

HB 90 also seeks to impose the same rental car tax on peer-to-peer sharing transactions. Turo is certainly not opposed to regulating peer-to-peer car sharing as highlighted by our public support for the national model bill, but we encourage policymakers to consider the distinct business model of peer-to-peer car sharing when considering regulating and taxing this new industry.

Alaska has sought to expand economic opportunities, especially at the small, independent owner level. Diversifying an economy can be cumbersome and slow, but encouraging and fostering small businesses to grow and expand is a worthwhile goal, especially in light of recent and continuing economic conditions. Innovative, new companies should be encouraged to grow and expand through tax policy. Tax credits and other incentives are often used to help encourage economic growth. While people are struggling to stay afloat financially in the midst of the pandemic, it seems ill-timed to impose further obstacles to success.

Advocates for the legislation argue that this will "even the playing field." But as mentioned above, neither peer-to-peer car sharing marketplaces or your constituents using peer-to-peer car sharing to earn extra income from their personal vehicles are rental car companies. Rental car companies buy and sell fleets of cars, taking advantage of tax exemptions; they have recently received millions in CARES Act funds from the government during tough times; their business model is very different from an individual car owner in Alaska who engages on the platform and enjoys none of those benefits.

We encourage you to look to other jurisdictions who have addressed this issue. Look to the stakeholder groups that have been convened, sometimes with several dozen entities, including rental car companies, vehicle sharing marketplaces, constituents, insurers, state agencies, financiers, and others who have an interest and a position on how best to regulate in this new arena.

Ultimately, we encourage you not to simply accept one multibillion dollar, multinational company's plan for how to regulate a perceived competitor. This process should not be a "race to the Capitol" to gain a business advantage in the marketplace. It should be a collaborative process with meaningful stakeholder engagement along the way to formulate a workable new chapter of state law. We would very much like to be a part of that process and partner with Alaska in doing so.

Thank you for your consideration of our position, and we look forward to working with you on this issue.

Sincerely,
Kyndell Gaglio

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Kyndell Gaglio
Government Relations
& Legislative Counsel

From: Randy Daly
To: Rep. Ivy Spohnholz
Subject: Please Oppose HB90
Date: Wednesday, April 7, 2021 6:19:52 PM

Ivy,
Turo provides a free-market answer to business development. It removes barriers to entry by not requiring specialized education, significant capital investment, investors or a physical plant. Individuals who wish to build a business can start with an asset most already have, a car, and none productive time.

Compare Turo to the government model of economic development, i.e. charge taxes, create an economic development agency, pay rent, pay salary, pay utilities, hope a budding entrepreneur stumbles through the door, then have a staffer aggressively critique their business plan pointing out all of their shortcomings, coach them long enough to get them a small business loan/debt, a mountain of reporting and call it a success if they last more than 2.5 years.

We all understand that the State of Alaska believes it needs more revenue however the most effective way to more revenue for the state is more business, buy more small business people. Allowing people to be successful in Alaska with their own business will help stop the outflow of residents and the talent drain we experience when they leave. (Alaska's population has declined for several years.)

Turo allows the dream of self-determination and the pursuit of happiness for those who are willing to do the work.

What small business people and grassroots start-ups don't need is more taxes. Increasing taxes on small operators simply protects legacy rental car companies from competition. The Turo business person already pays more in taxes as the fuel used in the vehicle has built-in infrastructure taxes. The more successfully a Turo small business person rents their car the more money the government makes in fuel taxes. The more often the Turo business person buys cleaning products, wipers, brake pads, other wear items, and services for their vehicle the more sales tax the government receives. And if the Turo business person does well enough the government gets income tax as well.

As I have shared, Turo helps build start-up companies with little to no government assistance and delivers multiple revenue streams to the government already. There is no reason to slow economic growth, increase the barriers to entry, and derail the dreams of a better future by increasing taxation.

Respectfully submitted,
"Randy"
Thomas R Daly
Turo Host, Kenai, Alaska