

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.

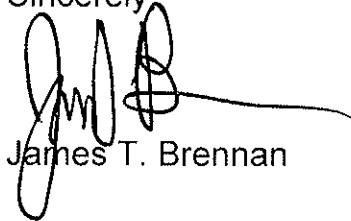
Based upon the foregoing, it is my opinion that the Fiscal Note for CSSB 14 should be increased from its current total of \$280,000 to an amount commensurate with at least four new positions in DCCED.

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

A handwritten signature in black ink, appearing to read 'James T. Brennan', with a long horizontal flourish extending to the right.

James T. Brennan

JTB;rs
3851\083
cc: Laura Stidolph