

**ALASKA STATE LEGISLATURE**  
**HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 18, 2017

12:32 p.m.

**MEMBERS PRESENT**

Representative Sam Kito, Chair  
Representative Adam Wool, Vice Chair  
Representative Andy Josephson  
Representative Louise Stutes  
Representative Chris Birch  
Representative Gary Knopp  
Representative Colleen Sullivan-Leonard

**MEMBERS ABSENT**

Representative Mike Chenault (alternate)  
Representative Bryce Edgmon (alternate)

**COMMITTEE CALENDAR**

HOUSE BILL NO. 132

"An Act relating to transportation network companies and transportation network company drivers."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 132

SHORT TITLE: TRANSPORTATION NETWORK COMPANIES

SPONSOR(S): REPRESENTATIVE(S) WOOL

02/15/17	(H)	READ THE FIRST TIME - REFERRALS
02/15/17	(H)	TRA, L&C
02/23/17	(H)	TRA AT 1:30 PM BARNES 124
02/23/17	(H)	<Bill Hearing Canceled>
02/28/17	(H)	TRA AT 1:30 PM BARNES 124
02/28/17	(H)	Heard & Held
02/28/17	(H)	MINUTE(TRA)
03/02/17	(H)	TRA AT 1:30 PM BARNES 124
03/02/17	(H)	Heard & Held
03/02/17	(H)	MINUTE(TRA)
03/06/17	(H)	L&C AT 3:15 PM BARNES 124
03/06/17	(H)	Scheduled but Not Heard
03/07/17	(H)	TRA AT 1:30 PM BARNES 124

03/07/17 (H) Moved CSHB 132(TRA) Out of Committee  
03/07/17 (H) MINUTE(TRA)  
03/08/17 (H) TRA RPT CS(TRA) 1DP 4NR 2AM  
03/08/17 (H) DP: WOOL  
03/08/17 (H) NR: SULLIVAN-LEONARD, NEUMAN, DRUMMOND,  
STUTES  
03/08/17 (H) AM: CLAMAN, KOPP  
03/10/17 (H) L&C AT 3:15 PM BARNES 124  
03/10/17 (H) Heard & Held  
03/10/17 (H) MINUTE(L&C)  
03/17/17 (H) L&C AT 3:15 PM CAPITOL 106  
03/17/17 (H) Heard & Held  
03/17/17 (H) MINUTE(L&C)  
03/18/17 (H) L&C AT 12:30 AM CAPITOL 106

**WITNESS REGISTER**

SAM MOORE

Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

ERICA SIMPSON

Juneau, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

ZAC BOLES, Owner

Southeast Alaska Sourdough Cab

Ketchikan, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, discussed local control.

ROSS BIELING

Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered testimony.

BARBARA HUFF TUCKNESS

Executive Director/Legislative Liaison

Teamsters Local 959

Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered concern.

SUZIE SMITH

Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered opposition to the legislation.

RAFAEL BARBOSA  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered opposition to the legislation.

GEORGE RENDON  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, testified.

PAT FALON  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered concern for the legislation.

AGNES KALLMAN  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, testified as an Anchorage taxi cab driver.

JAMES HARRIS, Owner  
Juneau Taxi  
Juneau, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered opposition to the legislation.

KATHIE WASSERMAN, Executive Director  
Alaska Municipal League  
Juneau, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered opposition to the legislation.

TOR WALLAN  
Juneau, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

DENNIS HARRIS, Owner  
Custom Juneau Tours  
Juneau, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered support for local control.

LINDA DURR  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

MITCHELL MATTHEWS, Representative  
Uber Technologies  
Seattle, Washington

**POSITION STATEMENT:** During the hearing of HB 132, offered testimony and answered questions.

STEVE WACKOWSKI  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

SHAVONNA RIVERS  
Seattle, Washington

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

MARICE BROWN  
Seattle, Washington

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

ADELE TARIL  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

JEREMY PRICE, Alaska State Director  
Americans for Prosperity  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

LEILANI INMAN  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered support for the legislation.

ANNABEL CHANG, Director of Public Policy  
Lyft

San Francisco, California

**POSITION STATEMENT:** During the hearing of HB 132, offered testimony and answered questions.

JIM BRENNAN, Attorney

Anchorage Taxi Cab Permit Owners Association (ATCPOA)  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing of HB 132, offered opposition to the legislation.

**ACTION NARRATIVE**

[12:32:26 PM](#)

**CHAIR SAM KITO** called the House Labor and Commerce Standing Committee meeting back to order at 12:32 p.m. (recessed from 3/17/17). Representatives Kito, Knopp, Sullivan-Leonard, Stutes, Josephson, Wool, and Birch were present at the call back to order.

**HB 132-TRANSPORTATION NETWORK COMPANIES**

[12:32:35 PM](#)

CHAIR KITO announced that the only order of business would be HOUSE BILL NO. 132, "An Act relating to transportation network companies and transportation network company drivers."

[12:34:47 PM](#)

SAM MOORE advised that he has lived in Alaska for a few years, is representing himself, and he was born legally blind and has never legally operated a motor vehicle. Earlier this week, while walking to an Anchorage Community Council meeting along a poorly maintained state road, he said he came to the conclusion that he needed to attend this meeting in person to speak in favor of this piece of legislation. He related that he considered the price of an airplane ticket as a prudent investment in his potential safety and overall quality of life because transportation network companies (TNCs) help friction in the marketplace by making it easier to match potential riders with potential drivers. The TNCs also provide economic opportunities for both parties by making basic human transport easier while freeing up what would otherwise be idle capital assets, and yet many of the concerns of these companies revolve around the "quote/unquote fairness of competition." Taxi companies around the country have enjoyed government-protected monopolies for decades, thereby shunning innovation and customer service in the process. He stated that the typical last-ditch argument of unnecessary government protectionism is always public safety, and he asked, in the name of public safety to "please protect me, the consumer" from these unnecessary

barriers to competition. He asked the committee to protect him from the Anchorage taxi cartels, and the assembly that protects them, and to protect the Juneau residents from an unreasonable supply ceiling, and the City and Borough of Juneau Assembly that keeps it firmly in place. Mr. Moore then asked the committee to empower Alaskans to find economic safety and the opportunities TNCs create, and to not protect him from the marketplace. He related that he has found himself waiting an hour for a taxi cab just trying to get groceries to his home, and that he lives his life constrained by a bus schedule and the whims of a dysfunctional taxi system which is an affront to his independence and freedom as an Alaskan and human being. He urged the committee to pass HB 132 out of committee with the statewide regulatory framework that protects him from the meddling of taxi cartels and locally elected assemblies.

[12:37:44 PM](#)

ERICA SIMPSON said she is a life-long Alaskan, resident of Juneau, and is testifying on her own behalf. She offered support for HB 132 as she is a proponent of ridesharing and transportation network applications, and uses Uber and Lyft almost daily whenever traveling out-of-town due to its convenience, affordability, and efficiency. She related that the majority of Uber and Lyft drivers are normal people looking for ways to live comfortably and fill a need in a place where there is a demand. Alaska, and in particular Juneau, is one of the most expensive places in the country to live and she asked the committee to not withhold an opportunity from anyone who could benefit from a supplemental income. Opportunities in Alaska have not been on the rise nor has its population. Alaska is behind the times and there has not been a "smidge of anything" that drives people to want to move here and try to make a life here in quite some time. As an advocate of this bill, people working seasonally have advised her that if this bill passes at least they might be able to pay their rent next winter rather than leaving town because they want to live and spend time and money in Juneau. She stressed that, specifically, the taxi companies in Juneau have irrelevant arguments because economic impact statements and transportation studies show that taxis suffer slightly from the addition of rideshare applications in only the "on-demand service," as their scheduled rides and street hails stay the same overall. In Juneau, taxis make a large percentage of their income giving tours in the summer so the impact on Juneau cabs would be so insignificant it is not worth consideration. Approximately 50 percent more people would utilize rideshare applications on top

of those who already use taxis would mean an increase of patrons to local businesses and restaurants because ridership increases overall. Taxi companies will be able to increase their level of customer service and everyone can have a ride when and where they desire. She described it as a long overdue positive impact on the business community and its citizens.

[12:40:48 PM](#)

ZAC BOLES, Owner, Southeast Alaska Sourdough Cab, expressed that his argument against HB 132 is not that TNCs cannot come in and do business because everyone wants to promote economic growth. Except, he offered, Uber was caught with a software system called "Greyball" which is built into the app to detect police officers, regulators, and city officials that are against Uber, its regulations, or its business practices. The New York Times "has done many articles on it and other companies -- other municipalities and states have started digging into this and creating investigations to find out how this program has been used." He explained that Greyball reviews information on a person's phone and if it believes the person is "quote/unquote, out to get Uber" or is a regulator or police officer, it stores that information in Uber's system and a portion of the app sends them a fake car or if there are close cars in a person's area, it cancels the ride. Articles have stated that "they geofence certain municipal places" like police stations, capitol buildings, and public offices where it believes these people are "messing with them to catch them in the act." He related that it is important to know that currently, Portland has an "investigation going 30 days," the San Francisco District Attorney's Office "is in this, looking at it in their own home town." Albany, New York is investigating as Uber is trying to move out of New York City and move into upper state New York. The State of New York has similar legislation as HB 132 and the legislature has pulled it off the table until the end result of this investigation in order to determine whether Greyball software had been used in New York City and, he offered, Boston is fighting this with an ongoing investigation. He explained that Greyball has also been used in other places around the world, such as Australia, China, and South Korea, therefore, it is important to have local regulations on this situation.

[12:44:33 PM](#)

REPRESENTATIVE STUTES asked what the purpose of Greyball is.

MR. BOLES explained that the software detects regulators. He said, "When they're picking up flags, taking phone calls, it's so that the governments or municipalities or states that don't want them because they don't believe in their business service." Uber can blackball those people to stop them from catching Uber doing anything illegal. The intent is to defraud regulators, he explained.

[12:45:13 PM](#)

REPRESENTATIVE BIRCH asked, as a taxi cab owner, what sort of discretion is permitted when deciding whether to pick up a fare.

MR. BOLES responded that he does reserved the right to decide not to pick up a fare, but within the Ketchikan Municipal Code there must be a valid and legitimate reason. The code also requires that Ketchikan operators deal with a telephone call customer first before picking up flags and cell phone calls.

REPRESENTATIVE BIRCH inquired as to whether the discretion is left up to the taxi cab driver or the dispatcher.

MR. BOLES replied that the control is left up to the drivers, and in the event a female driver believes a male customer has been too aggressive with her, she has the right to pass off the ride. In those situations, he said, the dispatcher sends the next available car in line so the customer still receives service.

[12:47:06 PM](#)

REPRESENTATIVE BIRCH asked whether there is a record of those events.

MR. BOLES answered that his company does not keep those records, it is all based upon driver discretion.

[12:47:19 PM](#)

REPRESENTATIVE JOSEPHSON referred to Greyballing, and opined that this is not "some black helicopter theory" in that Uber has acknowledged it was using this software.

MR. BOLES agreed, and he said it was used in Las Vegas as far back as 2014.

[12:47:56 PM](#)

REPRESENTATIVE WOOL confirmed that The New York Times article read that Greyballing did occur in cities exercising local municipal control. He explained that HB 132 is statewide legislation and it is for all transportation network companies (TNCs). He asked whether Mr. Boles pays the insurance in his taxi business, or the individual drivers.

MR. BOLES answered that his drivers are subcontractors on a leased car system, and part of the lease money the drivers pay him on their flat rate, pays the insurance.

REPRESENTATIVE WOOL surmised that the insurance policy is under the company's name and not the individual driver's name.

MR. BOLES agreed, and he said the drivers submit a driving record and are then added to that policy.

REPRESENTATIVE WOOL surmised that when leasing a car on a flat rate, if the driver does not make enough money on a particular night to cover the lease, he still has to pay it and would incur a net loss for his shift.

MR. BOLES said that Representative Wool was potentially correct.

REPRESENTATIVE WOOL asked whether his company provides as follows: guaranteed minimum wage, workers' compensation, overtime pay, sick time, or vacation time.

MR. BOLES responded, "No."

[12:49:29 PM](#)

REPRESENTATIVE KNOPP asked whether the reason for the complaints about taxi cab business is that when a person needs a taxi cab, that Mr. Boles's company is not large enough to provide the services during the busy time of year so people wait longer than they would like, and are not able to book a taxi cab ride on their smart phones.

MR. BOLES responded that taxi cabs offer valuable services and many taxi cab companies have apps to book fares, and people could call and have cars available as needed, but he could not speak for other companies. He pointed out that there are three taxi cab companies in Ketchikan with 22 taxi cab permits between all three companies, and wait time is no longer than ten minutes except in an extreme circumstance due to weather. He began

keeping track of rides at the beginning of the middle of the second quarter of last year in Ketchikan, and he offered that "we've operated over 75,000 cab rides" in a 38-mile long town from end to end.

[12:51:26 PM](#)

REPRESENTATIVE KNOPP commented that because his drivers contract to pay him \$100 per day per car, for instance, and they may lose money at the end of the day that he would think the drivers would be eager to take a fare.

MR. BOLES said Representative Knopp was absolutely correct, drivers are aggressive in getting to rides, but not in a harmful manner. The drivers work hard, he described, and they want to work that car, make a living, and it is in the best interest of the taxi cab "game" to get to the customer. He said they are like one big happy family between taxi cab operators and drivers.

[12:52:09 PM](#)

REPRESENTATIVE KNOPP commented that he was unfamiliar with Juneau's economy, and asked whether it has a public transport system, and whether his company is compensated for public transit.

MR. BOLES related that he was unsure as to Juneau, but Ketchikan does have public transit, and taxi cab operators are not subsidized in any manner by public transit.

[12:52:45 PM](#)

REPRESENTATIVE JOSEPHSON asked what amount of money a Ketchikan driver would personally invest in the business, assuming they operated a leased car.

MR. BOLES advised that the only investment a taxi cab driver must make in order to jump into a cab and lease a vehicle is the cost of their license, \$80 as a rule, and having some money on hand to make change and a square credit card reader. Mr. Boles advised that according to the lease agreement, from the money the driver pays him, he pays insurance, vehicle maintenance, upkeep, stickers, and advertising.

REPRESENTATIVE JOSEPHSON asked the amount of money one of his drivers might gross in one year because they have to pay their own taxes through a Form 1099.

MR. BOLES said that it was difficult to guess because newer drivers will make a little less until they are established and people start to call them and build up "personal calls." He related that he has an 84-year old female driver that has been driving for 40 years, is extremely popular and does very well. This driver can clear, after lease, anywhere between \$150-\$250 per shift seasonally, and that the days driving during the week make a difference. A driver can make a comfortable living in Ketchikan because they receive approximately \$3.30 per mile, which stimulates the economy to help pay the lease, rent, personal vehicles, groceries, and so forth.

[12:55:32 PM](#)

REPRESENTATIVE JOSEPHSON referred to the ostensible similarity in status and asked how he distinguishes between his independent contractors and the fact that no workers' compensation is paid for them relative to these Uber drivers. Representative Josephson further asked whether there was a separation in his mind.

MR. BOLES stated there is a separation because taxi cab drivers sign lease agreements stating they are separate, wherein the drivers deal with all of the money and then pay their expenses, and the choice is fully upon the driver how they handle their expenses. The difference in how taxi cab drivers and Uber and Lyft drivers operate is that the money goes through the companies first and then comes back to the driver. When discussing the issue of who handles the money, he noted that it almost seems like an employer/employee relationship on for TNCs because all of the money is funneled through the company before coming back to the driver, almost in the sense of a paycheck with their commission being removed.

[12:57:55 PM](#)

ROSS BIELING said he represents himself with no affiliation to a third party. He pointed out that the IRS has a 20-question test as to whether or not [TNCs] or taxi cab companies are independent contractors or employees, and the state should not insert itself in that decision-making process. He suggested looking into standards requiring that the vehicles are entirely checked over annually. He described that it should be an open

free-market enterprise even though the taxi cab companies do not want competition, and the committee should rely on his testimony for clearer guidance.

1:00:05 PM

BARBARA HUFF TUCKNESS, Executive Director/Legislative Liaison, Teamsters Local 959, said she represents Teamsters Local 959, and wants to make it clear that she is not testifying against TNCs coming into the state because her concern is with the drivers. There are over 400,000 drivers in this country involved in lawsuits and she suggested that the legislators take a close look at what is being contemplated in this legislation. Local 959 believes that HB 132 should provide a special carveout for existing worker classification law for transportation network companies (TNCs) as the bill would instead impose minimum requirements in order for TNCs to treat their drivers as independent contractors. If passed, it would create an unfair double-standard for classifying transportation workers. This union represents transportation workers in this state who have been using technological devices for years, for example, UPS drivers. Under this bill TNCs drivers will be exempted from existing state law for worker classification and would instead be classified as independent contractors. In the event only the minimal requirements are met, the TNC would not set the driver's hours, prohibit drivers from using other TNC networks, limit the driver's territory, or restrict the drivers' activities, and the company and driver must agree to this in writing. Essentially, she said, this bill establishes a new bright line for a definition. She opined that an Uber driver's testimony yesterday, disclosed that drivers all want to be independent contractors because their hours are their only flexibility, and the companies control everything else. She advised the committee that a lawsuit was settled yesterday with \$24 million going to thousands of Lyft drivers. She said that the union is asking the committee to take the time and make an effort to protect not only these drivers, but other drivers who aren't represented. Alaska is different and does not operate like everybody else in the Lower-48.

1:03:40 PM

SUZIE SMITH said she is a taxi cab operator in Anchorage and opposes the legislation because the state should not be involved with the regulation of transportation needs, but rather leave it with the municipalities, and that TNCs should receive no special treatment. Cities have rules and regulations to ensure safety

and consumer protection, yet this bill will create unfair competition and subject the state to equal protection claims. Special laws cannot be enacted for businesses that do the same thing as a taxi cab company even though TNCs will claim they are nothing more than a technology network company. Technology Network Companies (TNCs) say they are different from a taxi cab company except when it comes to their damage. For example, she said, they are now seeking to get their driver recognized as a self-employed operator, now they want to say their drivers do the same thing as a taxi driver so they can avoid basic business laws, such as workers' compensation. The TNCs hold the money and issue payment to the driver, and are responsible for evaluating drivers' performance and firing at will if the drivers do not hold up to their standards, she said, "it sounds like employer/employee status." This bill originally had a fiscal note of \$280,000 attached to it, so somewhere the lobbyists must have been quite persuasive. The original fiscal note, she opined, was underestimated - Anchorage transportation budget has a yearly budget of nearly one-half million dollars to regulate taxis, for hire [vehicles], and limousines. She asked how the state plans to regulate TNC vehicles statewide with no fiscal note attached, "for the benefit of an out of state company where 25 percent of every ride leaves the state with no financial benefit to our state?" She offered concern that under HB 132, "they will be just running amuck" with basically no oversight.

[1:06:39 PM](#)

REPRESENTATIVE WOOL noted she was a taxi cab driver in Anchorage and asked whether she was covered by workers' compensation insurance.

MS. SMITH responded that she is a taxi cab operator in Anchorage and said, "I run a permit, I do not drive," and her drivers do not have workers' compensation insurance.

CHAIR KITO advised, for the record, that all members of the committee have been present since the beginning of the hearing.

[1:07:15 PM](#)

RAFAEL BARBOSA said he has been a taxi cab owner/operator in Anchorage for 33 years, and encouraged the committee to not allow Uber into the state unless it was willing to follow the rules. He expressed that TNCs come in with nothing but a bunch of lies and once they are in, they do whatever they want and it

needs to be changed because it will put the people in Anchorage "in a bad situation."

1:09:07 PM

GEORGE RENDON said he is a former owner of a taxi dispatch company for the last 30 years and he is in favor of [taxi cab] drivers and operators, and almost 80 percent of the drivers who do not want Uber to come into this town. He said that he has noticed crime growing in Anchorage and he knows what is going on to increase crime in Anchorage. He said, "I think here to represent most the drivers have (coughing) and (audio difficulties) stop who is coming to this town." (Audio difficulties) come to town and destroy the business so that [taxi cab] drivers do not make enough money to support their families and turn to welfare for help with food and rent. He said it is upsetting to see how that business destroys over 500 families trying to make a living.

1:11:36 PM

PAT FALON said she represents herself, and commented that if Uber comes back to Alaska, it should be required to follow the same rules as other like-businesses with employees. Uber wants its own rules and the ability to misclassify its drivers as independent contractors and not pay workers' compensation insurance or overtime. Uber misrepresents itself, she stated, it is unfriendly to its employees, it requires drivers to drive new vehicles and then cuts their income so the driver cannot afford the payments on the vehicle and they must file for bankruptcy in the process. Uber has the Koch Brothers and Americans for Prosperity supporting this bill and she asked the committee to slow this issue down and take a good look at Uber.

1:13:29 PM

AGNES KALLMAN said she represents herself and is an Anchorage taxi cab driver. She disagreed that there is a monopoly and no competition because many families, permit owners, and drivers receive their income from this [industry]. She described that she is an independent contractor and pays tens of thousands of dollars for her lease each year to a local owner, which stimulates the economy in Anchorage.

1:15:50 PM

JAMES HARRIS, Owner, Juneau Taxi, James Harris, Owner, commented that this type of legislation is "being pushed" all over the country with Uber and Lyft currently allowed in hundreds and hundreds of cities with similar state legislation "which would undercut all of the rules they already have." Subsequent to the voters in Austin, Texas voting for stricter background checks for Uber drivers, Uber left Austin, Texas. He related that, "Now they are putting this same type of legislation through to try to come back without those rules." He remarked that these transportation network companies (TNCs) have spent millions upon millions of dollars throughout the country for lobbyists to push this type of legislation. He said there is not a monopoly in Anchorage or Juneau, this [legislation] is TNCs pushing their agenda to make taxi cab companies look bad, and surmised that this legislation could "pass quite easily" except the holdup of local regulation.

[1:18:26 PM](#)

KATHIE WASSERMAN, Executive Director, Alaska Municipal League, advised that the Alaska Municipal League has no issue with TNCs because it likes fair competition, although unfair competition is not cared for especially when that unfair competition is pushed by government. This issue is not about these specific companies, this is about the legislature attempting to erode local control. The Constitution of the State of Alaska, Article X, provides for "maximum, local, self-government," and the Alaska Municipal League is opposed to this legislation. Currently, municipalities do regulate, except they do not simply regulate the individual vehicles for taxi cabs, shuttles, limousines, and buses, they regulate the system. For example, she pointed out, when 10,000 people unload from cruise ships in Ketchikan for one day, for instance, tour buses, taxi cabs, pedi-cabs, limousines, and shuttle buses from the hotels are available, and "you have to be able to regulate that system." Except, she expressed, when 15-20 new cars suddenly show up from some business of which the municipality is not allowed to deal with, "the entire system goes up;" this [system] is for safety and local municipalities need the ability to regulate. Unclear in the bill, she related, is what regulation means and whether it includes taxes because it appears that regulation includes sales tax, and municipalities would not be able to charge a sales tax to these companies. Yet, she remarked, these cars are using city roads and streets and receive police protection, and if the city cannot tax them, they would receive these services for free and the cost "eventually goes onto other people."

1:21:19 PM

TOR WALLAN advised he was raised in Juneau, and is testifying as a private citizen. He said he has spent a lot of time traveling for work in various cruise ports with high demand for transportation options and appreciates Uber and Lyft as a transportation choice. In his experience in the cruise industry, the more transportation options the better because free enterprise and competition encourages all parties to enhance their business model. He related that Seattle taxi cab services offer their own app for services which has proven beneficial to them, and they still flourish in locations where ridesharing is an option. It is important, he said, to consider that taxi cab services will continue to cater to specific demographics that do not embrace new technology and find it more comfortable to call or hail a taxi cab. He explained that his support for this bill should not be interpreted as a position against taxi cabs, he simply believes that new independent businesses should be welcomed in this state rather than holding them back. He advised that he has spoken with taxi cab drivers who have transitioned into Lyft drivers and they are happier because they can better manage their own schedule with flexible hours, more money, and eliminated the money transaction factor, which often caused issues for debate when they drove a taxi cab.

1:23:37 PM

DENNIS HARRIS, Owner, Custom Juneau Tours, said that he drove a taxi cab in Juneau for 10 years, is the process of obtaining a limousine license, and favors local regulation. The insurance levels in HB 132 are too low because he carries \$1 million of commercial coverage at a cost of \$3,500 per year for a taxi cab, and will cost \$6,500 for a limousine he intends to purchase. He advised that commercial insurance must be required for anyone carrying passengers for hire, and must be set at a level higher than stated in the legislation, and local municipalities must be able to collect sales tax and permit fees. The permit fees at the Juneau airport finance the operation of the taxi waiting zone at the airport, paving, striping, and maintenance, which is the same at the docks, wherein a permit fee is charged for people picking up passengers, and the city collects a sales tax from the drivers. He said that he averaged approximately \$70,000 per year on the meter, which meant the city collected \$3,500 per year off of his taxi cab when he was driving. In Juneau, with approximately 60 taxi cabs on the street, the city needs that money to help finance the operation of Juneau with five cruise ships a day. He pointed out that with 60 taxi cabs

and all of the buses, [the system] will not work without local regulation. Uber prices its fares at 40 percent of its costs currently because it has \$70 billion in venture capital and will do that until it ruins the taxi cab business all over the country. He remarked that after that, because it is not regulated, Uber's fares will "go up just like they do when they do the man pricing when it's busy."

[1:27:17 PM](#)

LINDA DURR advised she has been a resident of Alaska over 40-years, is a retired "snowbird," and has experienced Uber and Lyft ridesharing services when outside of Alaska. She offered that from a consumer's point of view, previously it was difficult to hire a cab in the residential areas of Clark County, Nevada, and when Lyft entered the market it was an absolute "Godsend" for disabled people and residents. She described that it is more affordable for people to use on a regular basis than a taxi cab, and expressed her support for the legislation.

[1:30:29 PM](#)

MITCHELL MATTHEWS, Representative, Uber Technologies, advised he represents Uber Technologies, and that 20,000 Alaskans downloaded the Uber app in 2016, and over 60,000 individuals opened the app looking to connect with a ride, be it tourist or resident. The legislation provides the appropriate safeguards for consumers, it creates a predictable, clear, and concise, framework for TNC drivers and riders across the state. He added that the bill also contains an insurance model adopted in substantially the same form in over 40 states, of which has the support of the largest property and casualty insurance trader in the United States. This bill will enhance access to transportation around rural communities when Uber connects with underserved neighborhoods and residents, it will create new small businesses and new income streams for families and individuals, and it supports maximizing the network that drivers can create in their communities with the statewide framework of the bill. He explained that when evaluating drivers for their eligibility to drive on the app, a thorough screening process on each individual is completed by a third party, which is approved by the National Association of Professional Background Check Screeners, and it screens for convictions based on the social security number, DMV driving records, and Uber does not allow anyone on the National Sex Offender public website to drive. He added that, if necessary, a screener will travel in person to a

courthouse in each individual borough, county, and municipality to confirm that the information is correct. To drive with Uber, he said that individuals must submit their full name, date of birth, social security number, driver's license, registration, proof of valid insurance, and proof of a valid bank account to which this information is screened. With respect to the classification of workers, he advised that seven states, including Kansas, Nevada, and Massachusetts, made a statewide determination that Uber drivers are independent contractors for the purposes of unemployment compensation, and the bill assigns a similar designation to TNC drivers that taxi cab drivers in Alaska already have. The TNC driver controls their own hours, what app they can use - there are no restrictions on using competitors' apps and can have both apps open at the same time, the type of vehicle they own and drive, the expenses of that vehicles, maintain a business license, pay their taxes, and choose how often they wish to be paid and where they drive. He related that Uber looks forward to coming back to Alaska and operating under this statewide framework.

[1:33:41 PM](#)

STEVE WACKOWSKI advised he is a life-long Alaskan and a combat veteran fighting in Afghanistan. He related that services, such as Uber and Lyft help active duty service members and veterans in that recently Uber and Lyft announced hiring over 50,000 veterans. The TNCs offer incentives and discounts to active military and veterans and make it easy to work for the TNCs, and receive rides. Mr. Wackowski then offered a couple of personal anecdotes. Uber and Lyft are the only outside employment many active duty commanders will allow for their troops, and Alaska has more veterans per capita than any other state in the United States. He opined that not one single taxi cab permit holder in Anchorage is a combat veteran, and he urged the committee to allow for ridesharing in Alaska.

[1:35:53 PM](#)

REPRESENTATIVE STUTES asked whether he said that Uber and Lyft hire veterans.

MR. WACKOWSKI responded that this summer Uber had a military initiative and in July it announced that it had just hit the 50,000-person mark for active duty military and veterans.

[1:36:25 PM](#)

The committee took an at-ease from 1:36 p.m. to 1:40 p.m.

1:41:01 PM

SHAVONNA RIVERS advised she represents herself and offered support for the legislation because she is an Uber and Lyft driver in Seattle due to the freedom and flexibility. She said, "With our current regulations" without the proper city licenses it makes it difficult and those processes are not the same for each city. For example, she must have a Seattle business license to function and operate in Seattle and if she drives outside of Seattle, she must have another city license. The goal of HB 132 is to simplify the process so drivers can drive in the local cities and counties without jumping through various hurdles by being under the umbrella of the state.

1:43:14 PM

MARICE BROWN advised that after 20 plus years of working with a non-profit organization he was let go due to organizational restructuring. He began searching for work "and I faced a lot of race discrimination" in the process which was frustrating and discouraging but, he said, he is grateful to the TNCs because he is able to provide for the needs of his family and keep working. He said that "when we do the patchwork" and cross counties in order to pick up and deliver in a certain county they must have a license for that county.

1:45:57 PM

ADELE TARIL advised that she has owned assisted living homes in Anchorage and HB 132 would be a benefit to Alaska's more vulnerable population with the opportunity to review drivers' histories. She said she has used Uber in many cities and "it rocks," and would be a boost to the tourism industry and make tourism safer in downtown Anchorage with tourists not driving in unfamiliar territory, intoxicated, or stoned. The taxi cab companies have had the opportunity to add the services the public likes about Uber, but instead they do not want competition. Uber is a "win-win," she said.

1:50:12 PM

JEREMY PRICE, Alaska State Director, Americans for Prosperity, advised that dozens of young Alaskans asked Americans for Prosperity to engage in this issue because after the last legislative session, the previous chairman of the House Labor

and Commerce Standing Committee "refused to even hear the bill in question" and these young people were frustrated with the legislature. Americans for Prosperity decided to weigh in on this issue for young folks and assist in the possibility of allowing these ridesharing services into Alaska, and it is trying to help Alaskan have a better future. While he understands the local municipalities' position, he related that in Alaska's small market differing local regulations would not work because there is a limited population base and limited customer base. When looking at Austin, Texas, local regulations drove ridesharing businesses out of the city. In the event there is an attempt to pull Section 7 out of the bill, he opined that there is no purpose in passing the bill, and on behalf of thousands of young people, he asked the committee to pass the bill out as currently written.

[1:52:14 PM](#)

LEILANI INMAN said she has traveled across the country and cannot believe Alaska does not have ridesharing. She described that taxi cab services are overpriced, not safe, the drivers drive recklessly, and it takes too long to receive any sort of service to get through on their telephone line. She said that many people have expressed the need for Uber in Alaska, Alaska's public transportation is due for an improvement and this is one step closer to achieving that goal.

[1:54:46 PM](#)

CHAIR KITO, after ascertaining no one wished to testify, closed public testimony on HB 132, with the caveat that public testimony could be reopened if necessary.

[1:55:23 PM](#)

REPRESENTATIVE STUTES asked whether Uber or Lyft transport the mentally disabled or the physically handicapped, and if so, whether they accept vouchers.

[1:55:52 PM](#)

MR. MATTHEWS responded that some jurisdictions in the United States have partnership with Uber where it can provide first and last mile opportunities for transit agencies, and that can segway into transporting individuals who may require some form of extra assistance. Uber has a relationship in Portland, Oregon where it has Uber Assist, which provides enhanced

services for individuals. The app is also tailored in a manner for drivers who are hearing impaired or deaf with enhanced capabilities to support those individuals driving on the app to have an income.

[1:56:42 PM](#)

REPRESENTATIVE STUTES asked whether when someone calls for Uber Assist, the driver's private vehicle has a lift or whether it is something Uber and the driver work together to create.

MR. MATTHEWS responded that within the metropolitan area of Seattle, and the Seattle-Tacoma International Airport, Uber has a partnership with Yellow Cab and it provides the service for individuals requiring a wheelchair accessible vehicle, and Uber pays a fee on every trip.

[1:57:36 PM](#)

ANNABEL CHANG, Director of Public Policy, Lyft, responded to the question regarding non-emergency medical transit or people with potential mental handicaps, and said that Lyft provides tens of thousands of non-emergency transit rides every single week, has a partnership with the National Federation for the Blind. The Lyft app also has voice over capabilities so visually impaired individuals can actually use their voice on the Lyft app. Lyft also partners with hospitals and senior living centers which, she described, is one of Lyft's greatest and largest partnerships in is with Brookdale Senior Living Centers across the country. The Lyft app is available for senior citizens and those who do not have access to a smart phone can order their rides through a desktop or laptop computer web portal page, she explained.

[1:58:58 PM](#)

REPRESENTATIVE STUTES asked whether some of the Lyft drivers have their own vans equipped for a wheelchair, or whether there is a relationship Lyft built with another company, such as Uber and Yellow Cab.

MS. CHANG answered that there are multiple types of partnerships in place. In the event an individual notates on their application that they require special needs beyond the regular lift, Lyft will potentially partner up with transportation providers within the community, and Lyft has some partnerships where a set ride fee is sent into a fund, she explained.

REPRESENTATIVE STUTES asked whether any of Lyft's partnership for any of those types of services are with the local taxi cab companies.

MS. CHANG answered yes, and she said that in some markets that is the case.

[2:00:33 PM](#)

REPRESENTATIVE BIRCH referred to recent testimony regarding the collection of sales tax in Alaska, wherein there are multiple jurisdictions and there is local sales tax in some communities and not in other communities. He asked how Lyft deals with that circumstance, whether it is an issue, and how it goes about the sales tax collection.

MS. CHANG replied that Lyft is looking at the language being crafted addressing that issue at the municipal level in Alaska. At this time, she offered, there is no precedent for a municipal sales tax collection on the TNC platform in the nation, but Lyft is open to discussions.

REPRESENTATIVE BIRCH asked whether Lyft must pay a sales tax on a ride in Seattle or San Francisco.

MS. CHANG replied, "No, we do not."

[2:02:03 PM](#)

REPRESENTATIVE BIRCH asked her perspective on the suitability of the background checks including fingerprints.

MS. CHANG responded that Lyft currently does not operate in any market of peer-to-peer ridesharing models with a fingerprint requirement. Lyft's current third-party background checks provider is Sterling Talent Solutions, a national background check provider for several companies including financial services and health services. As a former prosecutor, she said, she is aware that the most accurate information is located at the country courthouse level, and Lyft has court runners to cross-check those records.

[2:03:52 PM](#)

REPRESENTATIVE KNOPP referred to the independent contractor status, and asked what defines the independent contractor,

whether vehicles must be registered to the driver and license, and whether insurance must be in the owner's name. He asked whether drivers have the ability, as independent contractors, to hire drivers.

MS. CHANG opined that the question was regarding the current structuring and the relationship behind the driver and the vehicle. She explained that in all states the driver is registered to drive that vehicle, although, there are instances where the owner is not necessarily the driver. For example, she explained, the title of the car is under Joe Smith and his wife elects to be a Lyft driver, if she is listed on the insurance, and has the capability of driving that vehicle, she can also be a driver on Joe Smith's car as long as she meets the state's background and driving record check.

[2:05:20 PM](#)

REPRESENTATIVE KNOPP surmised that an Uber owner/operator driver could hire as many drivers as he chose as long as they were included on his insurance policy.

MS. CHANG opined that the question was if someone was potentially operating a mini-fleet on the Lyft platform, and answered that it could potentially be possible, but under different state regulations there could be limitations. Lyft does have a partnership with General Motors and Hertz Holdings where people could rent a vehicle if they did not have a qualifying vehicle under state law. She advised that in order to drive on this platform, they are technically the owner of the vehicle during that rental period and are listed as an owner of that vehicle.

REPRESENTATIVE KNOPP said that, theoretically, a taxi cab company could be using the Lyft app and be Lyft drivers under the mini-fleet as long as they are using the Lyft platform.

MS. CHANG advised that Lyft does not have taxi cabs on the Lyft platform at this time, and opined that that is not available anywhere in the United States.

MR. MATTHEWS interjected that the Uber app in some cities does have taxi cabs as an option on the Uber platform, and there are vehicles operated by the owner/operator involved individuals who may lease that vehicle from an owner.

[2:07:17 PM](#)

REPRESENTATIVE KNOPP noted that the committee has predominantly heard from Uber as "the push that is behind the legislation," but he surmised there are numerous TNC out there. He asked whether providing the exemptions the companies are requesting is necessary for all TNC platforms from doing business in Alaska, even if Uber chooses not to.

MS. CHANG responded that HB 132 would be critical for Lyft's ability to launch in Alaska.

[2:08:32 PM](#)

REPRESENTATIVE JOSEPHSON referred to Seattle's approach to regulation which began in earnest in December 2015, which resulted in litigation and disputes about the City of Seattle's ability to regulate Uber. He asked whether Lyft had joined Uber in any litigation in the City of Seattle.

MS. CHANG opined that the United States Chamber has filed litigation, and Lyft is a member of the (indisc.) Chamber.

[2:09:24 PM](#)

REPRESENTATIVE STUTES asked whether Uber is operating in any city whatsoever with any type of local controls.

MR. MATTHEWS responded that the City of Seattle, Washington was the third city Uber launched in 2001, and its service has continued to operate for the most part uninterrupted. Although, he said, Uber is pursuing statewide regulations in consultations with the City of Seattle and other cities in Washington to enshrine a state framework recognizing the costs and complexities of regulations.

REPRESENTATIVE STUTES surmised that from this point forward any area Uber chooses to operate would not be under local control.

MR. MATTHEWS responded yes, and he said that in Washington, Uber has been removing operations from cities with local control as it works toward state regulations.

[2:10:59 PM](#)

REPRESENTATIVE JOSEPHSON surmised that in Uber's perspective, there is no conceivable way, in the long term, to tolerate local regulation of the TNC industry within that community.

MR. MATTHEWS answered that he would "err on answering that absolute manner." He stated that as Uber works toward statewide regulations with municipalities under his operational area in Washington, Uber has erred on launching new locations that request carveouts or nuanced regulations to support a facet of city operation or city structure.

[2:12:16 PM](#)

REPRESENTATIVE JOSEPHSON asked whether Mr. Matthews was closer to a "yes or no" to his question.

MR. MATTHEWS replied that it is all situational. He added that in order for Uber to contemplate launching in Alaska, it would require a statewide bill with a clear and concise framework.

[2:12:59 PM](#)

REPRESENTATIVE WOOL asked whether the money a person "relinquishes" through their phone app then goes to Uber and Uber then disperses it back to the driver.

MR. MATTHEWS explained that it is a cashless service in the sense that a person puts a credit card or gift card on their app, the payment is then reconciled through a credit card company or another payment service, and the driver is paid. The driver can request to be paid within that day, within a few hours, weekly, or at a time the driver sees fit.

[2:14:27 PM](#)

MR. MATTHEWS, in response to Representative Wool's question, confirmed that Uber makes the payment back to the driver at a time period agreeable to both parties, or at the default seven-days.

REPRESENTATIVE WOOL asked Ms. Chang the same question.

MS. CHANG responded that Lyft has a third-party payment processor because it is all a cashless credit card transaction. Essentially, she explained, once the ride has finished, the passenger makes a determination on how much to tip on the app, and the payment is completed. At that time, the payment processor splits the fare, the driver retains 75 percent of the fare and 100 percent of the tips. Similar to Lyft's

competitors, the driver selects the time period for payment to their account, she said.

REPRESENTATIVE WOOL asked whether Lyft is primarily operating only in states with statewide regulations, and whether the new states Lyft picks up only have statewide regulations.

MS. CHANG responded that Lyft hopes to launch operations in Alaska, and in order to launch it would need statewide regulations. She offered that 39 states have comprehensive statewide legislation and in the states with statewide legislation, Lyft was able to launch in much smaller cities.

[2:17:12 PM](#)

CHAIR KITO reopened public testimony on HB 132.

[2:17:26 PM](#)

JIM BRENNAN, Attorney, Anchorage Taxi Cab Permit Owners Association (ATCPOA), advised he is an attorney representing the Anchorage Taxi Cab Permit Owners Association (ATCPOA), and said he has represented elements of the Anchorage taxi cab industry for decades and is well experienced in governmental regulations of passenger transportation. In Alaska, he offered, that type of regulation has always been under local municipalities, never under the state. He opined that the question has become "how can we fit this into Uber's overall game plan nationwide," except there are a number of reasons why this industry should be locally regulated. Alaska's cities are all different, their transportation situations are different, and therefore the regulations are different for taxi cabs as they should be for TNCs. There is no reason TNCs should not be subject to local regulations thereby allowing the regulator to make an effort to be even-handed between the regulation of taxi cabs and other forms of transportation. Originally, he pointed out, there was a fiscal note, and now there is no fiscal note, which means this amounts to no regulation because there is no way this can be regulated on a statewide basis without additional expenses in the way of state governmental employees. The City of Anchorage alone has four full-time employees to regulate taxi cabs and limousines, and he urged the committee to at least jettison the section that preempts municipal regulation and leave this type of regulation to Alaska's municipalities. He advised that the Municipality of Anchorage Assembly has been wrangling with a detailed and well thought out ordinance for regulation of TNCs in Anchorage. This assembly, he commented, has experience in

dealing with the transportation of passengers for hire and it should not be superseded by a blanket bare-bones regulatory process with no enforcement mechanism. He reminded the committee that there is no provision in this bill for a penalty if the TNCs or its drivers do not comply. The discussion here, he explained, is an enactment that would have no enforcement capability to replace municipal regulations, which has enforcement capability.

[2:21:04 PM](#)

CHAIR KITO, after ascertaining no one wished to testify, closed public testimony on HB 132.

[2:21:29 PM](#)

REPRESENTATIVE JOSEPHSON asked whether Lyft, at its discretion, changes the rate it charges passengers and therefore also the rate it pays drivers, similar to Uber.

MS. CHANG responded that Lyft does engage in "prime time," a dynamic pricing tool. For example, when a large concert ends and the people leave the facility, in order for Lyft to have enough supply to meet the demand, Lyft arranges its prices to reflect that greater demand and incentivizes drivers to go to that location and pick up rides. She described this as an effective tool in making sure people arrive at their destinations, and they are notified through the app if there is a price change, and a person cannot request a ride or accept a ride until they acknowledge there was a price change. The app has a price estimator so it is always clear as to what the price would likely be when the person is charged.

[2:23:02 PM](#)

REPRESENTATIVE WOOL asked whether other municipalities, other than the City of Seattle, that Uber operates in that do not have municipal regulations.

MR. MATTHEWS advised that Uber has different arrangements with different cities, for example, the City of Tacoma has regulations differing from the City of Seattle and Bellingham. He then listed the cities in Washington with and without regulations.

[2:24:09 PM](#)

REPRESENTATIVE WOOL surmised that the City of Spokane does not have regulations and Uber operates there; however, when statewide legislation is passed, all cities and municipalities in the State of Washington would be under the same statute.

MR. MATTHEWS advised that the City of Spokane is waiting until statewide regulations are in place, and Uber has a Memorandum of Understanding with the City of Spokane to clarify any questions it had, but there are no adopted regulations.

[2:24:51 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD commented that she understands the Alaska Railroad and other tour industries do not pay sales tax or attain business licenses in each individual city when transporting people in and out of that specific area. She said she wondered whether Alaska needs to have regulations on the Uber and Lyft TNC market when they are providing a service similar to the railroad and tour bus services. She asked Mr. Matthew to compare that description to the taxi cab industry.

MR. MATTHEWS answered that he was unsure he understood the question.

REPRESENTATIVE SULLIVAN-LEONARD noted that the challenge for her is that if taxi cab drivers are required to have a business license in all of the small different communities in the Matanuska-Susitna Valley and Anchorage, it limits transportation in a manner that possibly Uber and Lyft could provide. She asked whether that was Mr. Matthews perception in other communities.

MR. MATTHEWS replied that in rural states, such as Montana and Idaho, Uber has been able to enter and provide services into smaller cities and towns and smaller markets that have not traditionally had a taxi cab type service. Yes, he related, smaller communities are served better under statewide regulations and are served more conveniently through TNC systems.

[2:27:58 PM](#)

REPRESENTATIVE STUTES asked whether the reason Uber does not operate in Port Townsend is because the city wants local regulations.

MR. MATTHEWS answered that certain jurisdictions ask for carve-outs or nuances in their regulations and Uber chooses not to operate in those jurisdictions.

REPRESENTATIVE STUTES asked whether Mr. Matthews was aware of the regulations Anchorage had required that caused Uber to turn to the legislature for regulations.

[2:29:30 PM](#)

MR. MATTHEWS said he has an understanding of the regulation that the City of Anchorage is considering at this time as to transportation network companies (TNCs).

REPRESENTATIVE STUTES asked what the regulations were that created some consternation for the TNCs that prompted Uber coming to the legislature.

MR. MATTHEWS asked whether she was discussing the 2015 regulations or the current City of Anchorage conversations.

REPRESENTATIVE STUTES opined it would have been the 2015 regulations because that is when Uber chose to come to the state looking for legislation.

MR. MATTHEWS answered that the 2015 regulations included: cameras in vehicles, fingerprint background checks, individual licensing, and any number of issues that Uber did not seek to include because it was somewhat against the manner in which Uber looks at its background check model and its verification systems. Uber believes that fingerprint background checks are somewhat discriminatory in nature and can leave no chance for rehabilitation for individuals, and also, Uber believes its third-party background checks are more suited for the team model versus what was being requested by the City of Anchorage. He offered that Uber does have digital records of rides including GPS roads, and the City of Anchorage requested video cameras as well, Uber does not believe that is necessary for the public's safety.

[2:31:55 PM](#)

REPRESENTATIVE STUTES said she was confused by the comment that Uber believes fingerprint checks were discriminatory in nature.

MR. MATTHEWS answered that fingerprint background checks use FBI records and the FBI has indicated that the records lack of

information about the final outcome of cases. He pointed out that FBI records are somewhat inconsistent because it relies on each individual police department or agency to upload their records into the FBI file. The federal government acknowledged that the database was not fully complete and there was a somewhat large margin of error due to human technicians and/or the fact that there are missing records. Fingerprint background checks can be discriminatory in the sense that when records are incomplete and inaccurate, individuals are more likely to make faulty decisions based off of those records. He pointed out that communities of color are disproportionately impacted because they are arrested at a higher rate in the United States, and fingerprint background checks show arrest and convictions, whereas the third-party background checks only look at convictions. There are certain concerns about privacy in government overreach in that the FBI is requested to (indisc.) system from the Privacy Act, and that the retention of civil and criminal fingerprints have been merged.

[2:33:41 PM](#)

MS. CHANG reiterated that she is a former prosecutor and a major concern about the FBI database, which is fingerprint based, is exactly what Mr. Matthews testified. In certain counties, uploads are often paper based and voluntary, so depending on whether certain counties are short staffed, et cetera, the counties actually do not upload information to state's database system and; therefore, the state does not then have the ability to update, and send that update to the FBI database system. The difference here, she said, with the TNC model is that it actually goes directly to the primary source, the criminal courthouse, for the most accurate information possible to be certain individuals are not caught up in a false positive, thereby, being fairer to the applicants.

[2:35:00 PM](#)

REPRESENTATIVE JOSEPHSON commented that Ms. Kathie Wasserman, a representative of the Alaska Municipal League, testified that one of the frustrations for cities was the inability to collect a sales tax through the TNC system and Ms. Chang's response was that "nowhere in the United States does that happen." He referred to an article and said that "Airbnb agrees to collect hotel taxes in another huge U.S. city, and that city is Los Angeles. And it says there are 200 other cities worldwide including San Francisco." He referred to the burden put on firemen, law enforcement, and roads, and said that it all sounds

pretty reasonable, and asked "Why should you get exempted from that, and why could not there be a system to say you can't be exempted from that?"

[2:36:05 PM](#)

MS. CHANG offered that to be clear, Airbnb is not regulated at the state level in any region and are municipally regulated, which is part of the reason they have entered into this model. Essentially, she said, the current bill language read that there is no permit fee, that this is part of the discussion here in a way that "we can make sure that cities are made whole" and Lyft looks forward to having that discussion.

[2:36:48 PM](#)

MR. MATTHEWS responded that in some jurisdictions, transportation is a service exempt from municipal sales tax (indisc.) designation on those municipalities. He related that he heard from Representative Wool that they are working on language for this particular situation and Uber is open to conversations about sales taxes.

[2:37:15 PM](#)

REPRESENTATIVE WOOL responded that he is currently pursuing language to accommodate local municipal sales tax in this legislation.

[HB 132 was held over.]

[2:38:06 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 2:38 p.m.