

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

May 12, 2017

3:28 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Gary Knopp
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."

- MOVED CSHB 132(L&C) OUT OF COMMITTEE

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
 03/18/17 (H) -- Continued from 3/17/17 --
 03/22/17 (H) L&C AT 3:15 PM BARNES 124
 03/22/17 (H) Heard & Held
 03/22/17 (H) MINUTE(L&C)
 03/24/17 (H) L&C AT 3:15 PM BARNES 124
 03/24/17 (H) Heard & Held
 03/24/17 (H) MINUTE(L&C)
 05/12/17 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

LAURA STIDOLPH, Staff
 Representative Adam Wool
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Explained the changes that would be made under the proposed CS to HB 132, Version T, on behalf of Representative Wool, prime sponsor.

ACTION NARRATIVE

[3:28:26 PM](#)

CHAIR SAM KITO called the House Labor and Commerce Standing Committee meeting to order at 3:28 p.m. Representatives Sullivan-Leonard, Stutes, Birch, Josephson, Wool, and Kito were present at the call to order.

HB 132-TRANSPORTATION NETWORK COMPANIES

[3:29:08 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." [Before the committee, adopted as a working document on 3/22/17, was the proposed committee substitute (CS) for HB 132, Version 30-LS0522\R.1, Wallace, 3/21/17.]

[3:29:24 PM](#)

REPRESENTATIVE WOOL moved to adopt the proposed committee substitute (CS) for HB 132, Version 30-LS0522\T, Wallace, 5/8/17, as a working document.

[3:29:36 PM](#)

CHAIR KITO objected for the purpose of discussion.

[3:29:54 PM](#)

The committee took a brief at-ease at 3:30 p.m.

[3:30:41 PM](#)

LAURA STIDOLPH, Staff, Representative Adam Wool, Alaska State Legislature, explained the changes that would be made under the proposed CS to HB 132, Version T, on behalf of Representative Wool, prime sponsor. She brought attention to a handout in the committee packet, labeled "Work Draft for CS for HB 132 ver R to Work Draft for CS for HB 132 ver T Explanation of Changes," which read as follows [original punctuation provided, with some formatting changes]:

This work draft CS incorporates changes made to the companion legislation which was passed by the other body. There was also some clean up and clarification to the amendments that passed in the other body. Additionally, a few other changes have been made which will be explained later.

Section 6:

Page 5, Line 7, remove "international airport regulations and arrangements"

Page 5, Line 10, remove "Except as provided in (b) of this section,"

These two changes were made to simply move this language to a later part of Section 6.

Page 9, Line 6, add

"(b) This section does not apply to AS 23.20 if the transportation network company is owned or operated by the state, a municipality, a federally recognized tribe, or an entity that is exempt from federal taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code).

This change was by request of the US Department of Labor, Employment and Training Administration, to the Alaska Department of Labor and Workforce Development for conformity to Federal unemployment compensation (UC) law. In order to preserve the tax credits now available to Alaska employers, this provision needed to be added to make it clear that the state unemployment tax must be paid for all employees of state and local governments, Indian tribes, and non-profit organization. Any exclusion from the definition of employment must not apply to these entities.

Pages 10, Line 1, add

"(b) A transportation network company may not allow a driver to accept trip requests through its digital network if the driver

1) has, in the past three years,

(A) been convicted of or forfeited bail for a third or subsequent moving traffic violation;

B) been convicted of

(i) driving while license canceled, suspended, revoked, or in violation of a limitation under AS 28.15.291;

(ii) failure to stop at the direction of a peace officer under AS 28.35.182;

(iii) reckless or negligent driving under AS.28.35.400 or 28.35.41; or

(iv) a law or ordinance of another jurisdiction having similar elements to an offense listed in (i) - (iii) of this subparagraph;

(2) has, in the past seven years, been convicted of

(A) any offense that is an unclassified, class A, or class B felony in this or another jurisdiction; or

(B) a misdemeanor involving

(i) a crime under AS 28.33.030, AS 28.35.030, or 28.35.032

(ii) a crime under AS 28.35.050 or 28.35.060

(iii) a crime against a person under AS 11.41; or

(iv) a law or ordinance of another jurisdiction having similar elements to an offense listed in (i) - (iii) of this subparagraph;

(3) is listed on the United States Department of Justice National Sex Offender Public Website; or

(4) is under 21 years of age.

(c) A transportation network company driver may not

(1) provide a prearranged ride unless the transportation network company rider has been matched to the driver through the digital network of the transportation network company;

(2) solicit a rider or accept a street hail request for a ride; or

(3) solicit or accept cash payments for a fare from a rider"

This addition was made to clean up language in the three year driving history look-back, and seven year criminal history look-back that was in the companion version passed by the other body. If a person has committed a violent crime, either felony or misdemeanor, in the past seven years they may not drive for a [transportation network company] (TNC). A conviction of any unclassified, class A, or class B felony in the past seven year will also disqualify a person as a driver. The new language makes it clear that a driver on the US DOJ National Sex Offender list may not drive for a TNC. Also, if a person has been convicted of driving under the influence while operating a vehicle or watercraft in the past seven years they may not drive for a TNC.

A driver must be 21 years of age. This change was made due to state statute regarding alcohol and marijuana, so if either substance was left in the car after a rider had disembarked the driver wouldn't be breaking state law by being in possession.

The final language in this subsection was added to make clear that TNC drivers may only accept rides from the TNC platform, that they do not operate like other

for-hire vehicles by soliciting riders or accepting street hails, and that the payment is through a cashless system. Payment in this section does not include tips, which can be cash.

Page 11, line 3, add

"Sec. 28.23.105 Transportation network company vehicles. (a) Before a transportation network company allows an individual to accept trip requests through its digital network and before a personal vehicle may be used to provide transportation network company services, the transportation network company shall conduct, or confirm satisfactory completion of, a safety inspection of the individual's personal vehicle. The safety inspection required under this subsection must include an inspection of the following components of the personal vehicle:

- (1) foot brakes;
- (2) parking brakes;
- (3) steering mechanism;
- (4) windshield;
- (5) rear window and other glass;
- (6) windshield wipers;
- (7) headlights;
- (8) taillights;
- (9) brake lights;
- (10) front seat adjustment mechanism;
- (11) doors;
- (12) turn signal lights;
- (13) horn;
- (14) speedometer;
- (15) bumpers;
- (16) muffler and exhaust system;
- (17) tires, including tread depth;
- (18) interior and exterior mirrors;
- (19) safety belts

(b) A motor vehicle that is used by a transportation network company driver for transportation network company purposes may not be more than 12 years of age.

This language, which is standard terms of services for major companies like Uber and Lyft, was added to statute so that every TNC operating in Alaska will be held to a high standard for vehicle safety and quality.

Page 12, Line 16, add "Sec 28.23.130. International airports. The Department of Transportation and Public Facilities may, under AS 02.15, enter into a contract, lease, or other arrangement with a transportation network company for use of an international airport owned or operated by the state. A contract, lease, or arrangement under AS 02.15 must be consistent with this chapter."

This change was made in a different version of the bill but was moved to its own subsection at the end of Section 6. As explained previously, this change was made in a committee substitute work draft in this committee after the bill sponsor had been approached by DOT about inserting language into statute regarding international airports.

Section 8 Page 14, Lines 10-13, add
"(c) Notwithstanding AS 28.01.010 or (a) of this section, a municipality may by ordinance ratified by the voters in a regular municipal election prohibit transportation network companies from conducting activities under AS 28.23 within the municipality."

This language was added to add a local opt-out option by a decision of the people as to whether or not they want transportation network companies operating in their municipality.

Add Section 9

Page 14, Line 20 add
"This Act takes effect immediately under AS 01.10.070 (c)."

Conforms this bill to the companion bill which passed in the other body giving it an immediate effective date.

MS. STIDOLPH, in response to Representative Stutes, clarified that local municipalities would need an ordinance to opt out, but local authorities, such as a borough assembly, would not have that authority; it would be left to a vote of the people.

[3:37:04 PM](#)

CHAIR KITO removed his objection to the motion to adopt the proposed CS for HB 132, Version 30-LS0522\T, Wallace, 5/8/17, as a working document. There being no further objection, Version T was before the committee.

[3:37:25 PM](#)

REPRESENTATIVE JOSEPHSON opined that HB 132 is "getting better." He said he would not object to moving HB 132 out of committee; however, he thinks it could be improved. He stated that his feelings about the proposed legislation are "colored by the fact that the principle company that has been so successful has just been really unimpressive," in terms of its public relations. He continued, "Its stock is really low with me, ... while it's high on the market." He said he still finds [TNC drivers] are quasi-employees under case law and some components of the Internal Revenue Service's (IRS's) definition of what it means to be an independent contractor. He indicated that passengers make up the majority of those who would be impacted by HB 132, and he opined that they "will have their lives improved." Conversely, he said in terms of drivers' experiences, there is "a little bit of a race to the bottom." He added that a person could say, "Well, then they don't have to do it," but he said that is not how he operates. He acknowledged that there is much public enthusiasm about HB 132, but he reiterated that the bill could be improved. He ventured, "Maybe Uber or Lyft would say, 'We're not going to operate there,' but I think other TNCs would." He said he is amazed at how much [HB 132] accommodates the industry; however, he said he appreciates that the work draft "goes a little closer to the middle."

[3:39:51 PM](#)

REPRESENTATIVE WOOL expressed appreciation for the comments by Representative Josephson. He said he thinks HB 132 would provide a more convenient way for people to transport themselves throughout Alaska. He said he thinks drivers will be able to work "on and off" to "pick up a few dollars" to pay for a new car, for example, and they will have the flexibility to work three or four hours and then go home and take care of a child, for example. A taxi driver, by contrast, may work a 12-hour day for 5 to 6 days a week. He said whether it is worth someone's time [to become a TNC operator] remains to be determined.

REPRESENTATIVE WOOL said he thinks the opt-out provision is helpful for a community that doesn't want to allow TNCs, because the governing body could put the matter to a vote of the people.

He said he cannot speak to "the moral standing of the largest TNC." He said hopefully "things will improve or they'll lose market share." He concluded that there are other companies that are doing better, are popular, and wish to come to Alaska, "so, hopefully we'll have choices."

[3:41:50 PM](#)

REPRESENTATIVE STUTES moved to report CS for HB 132, Version 30-LS0522\T, Wallace, 5/8/17, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 132(L&C) was reported out of the House Labor and Commerce Standing Committee.

[3:42:22 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 3:42 p.m.