

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

February 28, 2017

1:32 p.m.

MEMBERS PRESENT

Representative Louise Stutes, Co-Chair
Representative Adam Wool, Co-Chair
Representative Harriet Drummond
Representative Colleen Sullivan-Leonard
Representative David Eastman (alternate)
Representative Matt Claman
Representative Chuck Kopp

MEMBERS ABSENT

Representative Mark Neuman
Representative Gabrielle LeDoux (alternate)

COMMITTEE CALENDAR

SENATE BILL NO. 3

"An Act relating to the regulation of wastewater discharge from small commercial passenger vessels in state waters; relating to art requirements for certain public facilities; and providing for an effective date."

- MOVED HCS SB 3 (TRA) OUT OF COMMITTEE

HOUSE BILL NO. 132

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

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 3

SHORT TITLE: SMALL VESSEL WASTEWATER EXEMPTION; 1% ART

SPONSOR(s): SENATOR(s) STEDMAN

01/09/17	(S)	PREFILE RELEASED 1/9/17
01/18/17	(S)	READ THE FIRST TIME - REFERRALS
01/18/17	(S)	RES

02/01/17 (S) RES AT 3:30 PM BUTROVICH 205
02/01/17 (S) Heard & Held
02/01/17 (S) MINUTE(RES)
02/06/17 (S) RES AT 3:30 PM BUTROVICH 205
02/06/17 (S) Moved SB 3 Out of Committee
02/06/17 (S) MINUTE(RES)
02/08/17 (S) RES RPT 3DP 3NR 1AM
02/08/17 (S) DP: GIESSEL, STEDMAN, MEYER
02/08/17 (S) NR: HUGHES, COGHILL, VON IMHOF
02/08/17 (S) AM: WIELECHOWSKI
02/17/17 (S) TRANSMITTED TO (H)
02/17/17 (S) VERSION: SB 3
02/20/17 (H) READ THE FIRST TIME - REFERRALS
02/20/17 (H) TRA, FIN
02/28/17 (H) TRA AT 1:30 PM BARNES 124

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

WITNESS REGISTER

DAVID SCOTT, Staff
Senator Bert Stedman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented Senate Bill 3 on behalf of Senator Stedman, prime sponsor.

MATT GRUENING, Staff
Representative Louise Stutes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented a House committee substitute to Senate Bill 3.

BRIAN GEBHARDT, General Manager
Uber Technologies Inc.
Seattle, Washington

POSITION STATEMENT: Answered questions during the hearing on HB 132.

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

POSITION STATEMENT: Presented House Bill 132 on behalf of Representative Wool, prime sponsor.

RENA DAVIS, Public Policy Manager
Lyft, Inc.
San Francisco, California

POSITION STATEMENT: Testified in support of HB 132.

MICHAEL RICKER, Actuary P/C
Division of Insurance
Department of Commerce, Community & Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 132.

ACTION NARRATIVE

[1:32:35 PM](#)

CO-CHAIR LOUISE STUTES called the House Transportation Standing Committee meeting to order at 1:32 p.m. Representatives Drummond, Eastman (alternate), Sullivan-Leonard, Wool, and Stutes were present at the call to order. Representatives Kopp and Claman arrived as the meeting was in progress.

SB 3-SMALL VESSEL WASTEWATER EXEMPTION; 1% ART

[Contains mention of HB 117.]

[1:33:32 PM](#)

CO-CHAIR STUTES announced that the first order of business would be SENATE BILL NO. 3, "An Act relating to the regulation of wastewater discharge from small commercial passenger vessels in state waters; relating to art requirements for certain public facilities; and providing for an effective date."

[1:34:08 PM](#)

DAVID SCOTT, Staff, Senator Bert Stedman, Alaska State Legislature, on behalf of Senator Stedman, prime sponsor of SB 3, explained that the proposed legislation would permanently

reinstate the Department of Environmental Conservation (DEC) current best practices permit program for wastewater for state ferries and small cruise ships. He noted that there would be no reduction in current standards or requirements in addition to no change in DEC authority to restrict when and where discharges can occur. He said that water quality would continue to improve as DEC applied its best practices requirements. He added that DEC would continually review its best practices requirements. He shared that the Department of Transportation & Public Facilities (DOT&PF) estimates that without the passage of SB 3, it would cost millions to install advanced wastewater treatment systems (AWTS) on state ferries. He explained that the United States Coast Guard (USCG) closely monitors weight and balance changes which could make the installation of an AWTS not even possible or economically viable on small cruise passenger vessels.

MR. SCOTT continued on to discuss Sections 8 and 9 of SB 3. He explained that those sections would exempt the two new Alaska Class Ferries (ACFs) and the replacement vessel for the motor vessel (M/V) Tustemena from the "one percent for art" requirement. He elaborated that the current estimated cost for the "one percent for art" would be \$3.5 million. He said that DOT&PF would instead like to use those funds for safety and navigational equipment. He noted that the Alaska State Council on the Arts does not oppose the specific waiver that would be included in SB 3.

[1:36:40 PM](#)

The committee took an at-ease from 1:36 p.m. to 1:37 p.m.

[1:37:41 PM](#)

CO-CHAIR STUTES shared that her constituents have raised concerns about the "one percent for art" included in SB 3. She reported that she asked DOT&PF to conduct an inventory of the art currently on the M/V Tustemena and that she would like to await the results from the department before acting on the "one percent for art" portion of SB 3. She stated that she does not want to impede the progress of the small vessel wastewater exemption. She opined that the two issues would probably best be addressed separately. She declared that she had a committee substitute already drafted that would address only the wastewater exemption and then the committee could address the "one percent for art" at a later date with HB 117.

[1:39:00 PM](#)

CO-CHAIR WOOL moved to adopt the proposed House committee substitute (CS) for SB 3, Version 30-LS0046\O, Nauman, 2/27/17, as a working document. There being no objection, Version O was before the committee.

[1:39:27 PM](#)

MATT GRUENING, Staff, Representative Louise Stutes, Alaska State Legislature, said that the committee had previously heard the issues but in two separate bills. He explained that the committee substitute, included in the committee packet, would remove the "one percent for art" component and leave SB 3 as a standalone small vessel wastewater exemption bill. He elaborated that the entirety of the changes under Version O would remove Sections 8, 9 and 10 to separate the two issues.

CO-CHAIR WOOL moved to report SB 3, Version 30-LS0046\O, Nauman, 2/27/17, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HCS SB 3(TRA) was moved out of the House Transportation Standing Committee.

[1:40:48 PM](#)

The committee took an at-ease from 1:40 p.m. to 1:43 p.m.

[1:43:42 PM](#)

HB 132-TRANSPORTATION NETWORK COMPANIES

[1:43:46 PM](#)

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

[1:44:25 PM](#)

REPRESENTATIVE WOOL, speaking as sponsor of HB 132, explained that HB 132 would allow the operation of transportation network companies (TNCs) and rideshares that include well-known companies, such as Uber Technologies Inc. ("Uber") and Lyft, Inc. ("Lyft") in Alaska. He clarified that HB 132 is not "the Uber bill" but rather is an act relating to TNCs and TNC drivers. He alluded that HB 132 is a bill intended to help

Alaska keep up with the changing times. He noted that society changes and evolves with technology. He gave Airbnb, Inc. ("Airbnb") as an example of another recent industry change similar to the introduction of rideshare networks. He emphasized that he has heard increasingly from his constituents asking when TNCs would be operating in his district. He said that ridesharing is currently available in 49 other states. He noted that even though Uber does not operate in Alaska, 20,000 people in Alaska have the application ("app") for use when traveling and another 60,000 try to call on Uber when visiting Alaska.

CO-CHAIR WOOL shared that it is the intent of HB 132 to help make it easier for TNCs to operate in Alaska. He opined that TNCs would boost jobs in the state. He added that most TNC drivers only drive part-time and have other jobs. He said that it appeals to individuals who want to make their own hours and work when they want. He said that currently 85 percent of Lyft drivers only work 15 hours or less per week. He commented that TNCs increase public safety because TNCs reduce the likelihood of drinking and driving. He said that compared to often expensive cab fares, Uber and Lyft tend to be about 50 percent less than regular taxis. He noted that there have been studies done in metropolitan areas that show once TNCs come in there is an increase in economic stimulation because more people take rides to do things. He said that TNCs help to serve underserved areas or places where regular taxis don't want to work. For example, he shared that he has heard that locally it is hard to get a cab in Anchorage to go to Eagle River. He said that part of that problem would be solved because Uber drivers usually serve in areas where they live. He surmised that some people who are on a limited income might find TNCs helpful, such as the elderly population needing to get to the store or an appointment. He concluded that TNCs are a technology, more or less a platform, and just an app on smart phones. He opined that Alaska should join the other 49 states and jump on the TNC bandwagon and pass HB 132.

[1:50:41 PM](#)

CO-CHAIR STUTES inquired whether the rates in TNCs are regulated the same way cab fares are regulated.

CO-CHAIR WOOL said that cab rates are not often regulated. He elaborated that cities and/or municipalities, such as Fairbanks, don't determine the taxi rates.

CO-CHAIR STUTES offered her understanding that taxis could arbitrarily raise or lower the rates.

CO-CHAIR WOOL shared his understanding that the rates set by Uber and Lyft are determined using an elaborate algorithm, and prices are not set by TNC drivers.

CO-CHAIR STUTES stated that TNC representatives Rena Davis and Brian Gebhardt were available to answer questions.

[1:51:54 PM](#)

CO-CHAIR STUTES asked for confirmation whether Uber rates are regulated or if the drivers have the ability to arbitrarily increase or decrease rates.

BRIAN GEBHARDT, General Manager, Uber Technologies Inc., answered that drivers do not have the ability to change rates. He elaborated that the rates are predetermined by Uber and are based on market analysis and market dynamics at the time of the request. He added that driver's payments, from the company, for rides are also a function of the aforementioned situation.

CO-CHAIR STUTES asked whether, when calling a ride from Uber, if the rider would know what the rate would be prior to the vehicle arriving.

[1:52:58 PM](#)

MR. GEBHARDT answered yes. He explained that once the app is opened and a pick-up location is confirmed the algorithm computes the ride amount and the user then has the ability to confirm or deny the fare request.

REPRESENTATIVE SULLIVAN-LEONARD inquired whether there were other companies beside the two primarily discussed so far, Uber and Lyft, included in a list of TNCs.

CO-CHAIR WOOL explained that there is a myriad of other companies. He added that any TNC would qualify under HB 132; it would not be solely for one company.

REPRESENTATIVE KOPP offered his understanding that TNC drivers' own personal insurance would cover the driver when not logged on to a fare.

CO-CHAIR WOOL confirmed that is correct. He said that more details on the specific mechanics of insurance would be forthcoming.

[1:55:19 PM](#)

LAURA STIDOLPH, Staff, Representative Adam Wool, Alaska State Legislature, presented HB 132 on behalf of Representative Wool, prime sponsor. She noted that HB 132 is also called the "Let's Ride Alaska Act" and would bring Alaska into the new age of transportation options with the tap of a phone screen. She noted that in many areas of Alaska transportation needs are often underserved. She said that HB 132 would provide clarity in law for the operation of TNCs. She surmised that TNCs have created a platform to connect drivers and riders. She noted the transaction between TNC drivers and riders is quick and cashless and they self-select each other through the app.

MS. STIDOLPH said that the first step for users would be to download a TNC app. She noted that there is a wide variety of ridesharing companies to choose from; some donate a portion of the network's proceeds to charities and some networks only serve women. She said that the apps would allow users to match the car type to specific needs, such as requesting a sport-utility vehicle (SUV) for a large group of riders. She said that there is a map on the app that allows users to track where the car and driver are.

MS. STIDOLPH said that TNCs can be very helpful when a user is in a city he/she has never visited before, because the user wouldn't need to know street names and routes would be predetermined, which would eliminate the need to ask or tell the driver where to go. She said that TNC technology would give Alaskans the opportunity to earn extra money when some are losing jobs or facing cutbacks. She said that in a time when the popular thought is to diversify Alaska's economy, TNCs would be a perfect fit. She said that this easy form of self-employment would be ideal for working parents, students, and active duty military personnel. She stressed that TNC driver employment is suitable for a wide range of demographics. She reiterated the bill sponsor's previous statement that most TNC drivers have other sources of income. She added that 85 percent of Lyft drivers only work 15 hours or less a week. She opined that TNCs could be particularly helpful in aiding the elderly as well as increasing public safety by reducing the incidence of driving under the influence (DUI).

MS. STIDOLPH said that HB 132 would pave the way for TNCs to operate in Alaska by adding language to Alaska's insurance and worker's compensation statutes. She explained that much like taxi drivers, rideshare drivers are also classified as independent contractors and are exempted from worker's compensation. She noted that rideshare drivers use their own cars and phones and have no scheduled shift and work on their own time. She stated that HB 132 would codify in state law the same quality and safety standards that are adhered to by TNCs. She added that HB 132 would require background checks, have a zero-tolerance substance abuse policy, as well as have numerous other safe guards already provided by company policy as well. Ms. Stidolph explained that state policy rather than municipal policy is needed because TNCs are such a new technology.

[2:00:34 PM](#)

CO-CHAIR STUTES interjected to recognize Representative Eastman was present and acting as an alternate member.

[2:00:50 PM](#)

MS. STIDOLPH continued that TNC state policy is also necessary so that TNCs can cross municipal boundaries. She gave examples of a user catching a ride from the Matanuska-Susitna (Mat-Su) Valley to Anchorage or from Big Lake to the Alaska State Fair grounds with a TNC. She said that rural Alaskan areas would benefit because HB 132 would allow the platform to come to regions where a separate set of rules would not justify the expense. She concluded that enabling rideshare services through HB 132 would be an innovative way to create jobs for Alaskans and improve transportation and public safety in Alaska. She stated that Alaska should join the rest of the nation in allowing the services TNCs have to offer to benefit Alaskans.

[2:01:30 PM](#)

MS. STIDOLPH paraphrased from the HB 132 sectional analysis, which read as follows [original punctuation provided]:

Section 1: Describes legislative intent of the bill is to clarify the Alaska Workers' Compensation Act and its relationship to transportation network company drivers.

Section 2: Amends AS.96 by adding a new section 21.96.018 relating to transportation network company

insurance provisions. Allows for automobile insurance writers to exclude any driver who is logged onto the digital network of a transportation network company or while a driver provides a ride.

Section 3: Amends AS 23.30.230(a) to exclude transportation network company drivers from the Alaska Workers' Compensation Act.

Section 4: Amends AS 23.30.230(c) by adding the definitions for "digital network," "prearranged ride," "transportation network company," and "transportation network company driver."

Section 5: Amends AS 28 by adding a new chapter, Chapter 23, Transportation Network Companies and Drivers AS 28.23.010. Provides that transportation network company or driver is not a common carrier and may not provide taxicab or for-hire services and that they may not be required to register as a commercial or for-hire vehicle. AS 28.23.010. Relates to fares collected by transportation network companies for services. AS 28.23.030. Governs identification required for transportation network vehicles and drivers. AS 28.23.040. Requires electronic receipts. AS 28.23.050. Sets insurance requirements for transportation network companies and drivers. AS 28.23.060. Requires transportation network companies to provide automobile insurance disclosures to drivers. AS 28.23.070. Requires that transportation network companies to file a certificate of insurance with the division of insurance. AS 28.23.080. Provides that transportation network companies are not employers and that drivers are independent contractors, not employees. AS 28.23.090. Requires implementation of zero tolerance drug and alcohol policy. AS 28.23.100. Sets transportation network company driver requirements. AS 28.23.110. Relates to mandatory rules and policies governing nondiscrimination and accessibility. AS 28.23.120. Provides for maintenance of records. AS 29.23.180. Provides definitions for the chapter. AS 28.23.190 States that the short title of the chapter may be cited as the "Transportation Network Companies Act."

Section 6: Amends AS 29.10.200 to add paragraph (66), adding AS 29.35.148 (regulation of

transportation network company or drivers) as home rule prohibitions on acting otherwise.

Section 7: Amends AS 29.35 by adding AS 29.35.148, which provides that the authority to regulate transportation network companies and transportation network drivers is reserved to the state.

[2:04:51 PM](#)

REPRESENTATIVE CLAMAN said that he had questions regarding Section 5 which addresses AS 28.23.050. He offered his understanding that TNC drivers' insurance would cover the drivers when not on a company fare and just running to the grocery store. He continued that the TNCs insurance would then have a policy to cover drivers once drivers were on the computer network. He asked Ms. Stidolph if his understanding was correct.

MS. STIDOLPH confirmed Representative Claman was correct.

REPRESENTATIVE CLAMAN offered a hypothetical scenario where an Uber driver was at the airport [in Juneau] and had a fare to pick up from the Capitol but had no passenger on the way to the Capitol. He offered his understanding that the driver would be under the first level of financial responsibility listed in the bill under subsection (b) paragraph (1). He continued that once the driver picked up the rider from the Capitol, the coverage would shift to the coverage levels under subsection (c). He asked Ms. Stidolph to confirm whether he was correct so far.

MS. STIDOLPH responded yes.

REPRESENTATIVE CLAMAN inquired why TNC drivers would have lower coverage limits when on the network and without a passenger but much higher coverage once the prearranged ride is actually picked up.

MS. STIDOLPH explained that the reason for the lower coverage in period one is for fear that with a higher-coverage level driver could potentially drive around with the app on at all times, just to have the TNC higher coverage policy versus his/her own personal coverage.

REPRESENTATIVE CLAMAN shared that he does not like the idea that there could be commercial drivers on the road who would only be carrying \$50,000 coverage.

[2:07:27 PM](#)

MS. STIDOLPH shared that there are currently other endorsements being offered from other insurance companies, such as State Farm, that are specifically for TNC drivers. She added that the driver's personal insurance policy would be higher when logged into the TNC network, phase one.

CO-CHAIR WOOL, in addition to Ms. Stidolph's answer, clarified that there are three phases of insurance coverage. In response to Representative Claman's question, he clarified that when no one is in the driver's car, but a ride has been accepted on the network there would be a higher phase, phase two. He elaborated that the first phase would pertain to when the driver has the app on but has neither yet accepted a ride nor is on his/her way to pick up a prearranged rider. He said that phase two would apply once the driver accepted a ride and was on his/her way to pick up the rider. He explained that there is the higher level of coverage, even without a passenger, because the driver is then acting more in line with being a contracted driver. He concluded that phase three would engage once the driver picks up the rider.

REPRESENTATIVE CLAMAN offered his understanding that both phases two and three are the same coverage listed under subsection (c).

[2:08:49 PM](#)

MS. STIDOLPH deferred to Mr. Gebhardt.

MR. GEBHARDT offered his understanding that Representative Claman wanted to know why the level of coverage for period one would be lower than in periods two and three.

REPRESENTATIVE CLAMAN clarified that he wanted to know whether subsection (c) would address the coverage requirements for both phases two and three.

MR. GEBHARDT answered that both periods two and three have a \$1 million commercial coverage policy.

REPRESENTATIVE CLAMAN opined that the coverage limits of \$50,000 and \$100,000 are woefully inadequate. He shared his concern

that HB 132 would essentially put the state in the middle of a private relationship between a driver and a company.

2:11:03 PM

MR. GEBHARDT inferred that the differences between periods one and two have already been established. He alluded that period one presents a unique situation where the driver could be doing any number of things, such as driving to the store or sitting in the living room at home waiting for a request. He explained that the lower coverage for period one is mainly because there is such a wide array of possible scenarios for drivers under the first phase. He noted that it is not uncommon to see drivers logged on to multiple platforms for multiple TNCs at one time. He indicated that there are a number of other TNC providers that could enter the Alaskan market once it is legal to do so. He reiterated that the higher million-dollar coverage would not make sense to implement in phase one when drivers could be just sitting at home or driving around doing personal business. He concluded that based on actuarial analysis, the risk is much lower for drivers in phase one because they move less and could be parked somewhere waiting for a ride or sitting at home.

2:13:03 PM

REPRESENTATIVE CLAMAN noted that if someone is in the living room, not driving a car, it is really a nonissue; however, if a driver is in a car, logged on to three TNC networks, that makes a case for why higher, not lower coverage limits, should be imposed. He said that if the actuarial data shows the risk is lower for drivers in phase one, then that is even more reason the first phase should have higher limits. He opined that the commercial company should not be getting off on \$50,000-\$100,000 coverage, because it is not appropriate for a commercial enterprise.

CO-CHAIR STUTES asked Mr. Gebhardt whether the \$50,000-\$100,000 limit in phase one is provided by the TNC or if it is a requirement for the driver to carry that amount of coverage on his/her personal insurance.

2:14:39 PM

MR. GEBHARDT explained that would be part of the insurance policy that Uber would provide. He added that the only requirement for the driver is to have proof of insurance on the vehicle.

REPRESENTATIVE SULLIVAN-LEONARD asked whether the insurance structure mirrors that of what the taxi cab industry does.

MR. GEBHARDT said that he does not feel qualified to speak to the insurance structure for the taxi cab industry. He pointed out that the level of coverage in period one exceeds the Alaska state minimums for someone just utilizing a vehicle around the streets in Alaska which Uber feels is most similar to the type of activity in which drivers in phase one would be participating.

[2:16:11 PM](#)

REPRESENTATIVE CLAMAN offered his understanding that Section 7 of HB 132 would take municipalities out of the business of any regulation relating to TNCs.

MS. STIDOLPH answered that is correct.

REPRESENTATIVE CLAMAN inquired whether it is the pattern in other states for municipalities to be able to regulate the taxi cab industry but not regulate TNCs.

MS. STIDOLPH responded that in 39 other states that is the case.

CO-CHAIR WOOL reiterated that all TNC drivers must have their own insurance and some insurance companies offer additional products to increase the amount of coverage specifically for TNC drivers. He added that a driver's normal car insurance would still be valid.

REPRESENTATIVE CLAMAN asked whether the driver's auto insurance and the TNC's insurance would "stack" and, if so, which would come first.

CO-CHAIR WOOL offered his understanding that it would depend on the phase in which the driver was currently engaged.

MS. STIDOLPH read Section 5, subsection (e), which read as follows:

Coverage under an automobile insurance policy maintained by the transportation network company may not be dependent on a personal automobile insurer first denying a claim nor shall a personal automobile insurance policy be required first to deny a claim.

MS. STIDOLPH stated that a driver would not have to go through his/her personal insurance first.

2:19:02 PM

RENA DAVIS, Public Policy Manager, Lyft, Inc., stated that Lyft's ride sharing app technology connects people with efficient, friendly, and safe rides. She said to use Lyft is as simple as downloading and registering an app onto a smartphone then requesting a ride. She added that it all happens with just the tap of a button. She opined that the innovative model of transportation would enhance mobility for both Alaskans and tourists. She said that Lyft would act as a compliment to the already existing transportation networks in Alaska. She stated that Lyft is all about giving individuals choices.

MS. DAVIS shared that Lyft's number one priority is user safety. She said that before drivers can accept rides on the Lyft platform, they must undergo a mandatory national background check that is conducted by a third party nationally accredited background check provider, Sterling Talent Solutions. She added that Lyft drivers must also undergo a driving record check and the vehicle must receive an in-person, 19-point vehicle inspection. She pointed out what really distinguishes Lyft is how it utilizes technology to provide consumers with transparency and accountability features in addition to the required background checks. She noted that every Lyft ride is tracked with global positioning system (GPS). She said that within the Lyft app users can see a picture and previous user ratings of the driver, as well as the license plate and make and model of the vehicle coming to pick up the rider. Ms. Davis described that drivers also receive a photo and the name of the passenger. She told the committee that the app even allows users to send real-time route information to friends and family. She explained that payment through the Lyft app is entirely digital and there are never any cash exchanges, which she opined enhances user and driver security. She said that every passenger and driver can rate each other on a five-star system, immediately after service. She noted that Lyft is the first TNC to offer both background checks and the real-time tracker.

MS. DAVIS said that Lyft is more than just a ride sharing app, it provides a unique and flexible economic opportunity to anyone who owns a vehicle. She listed off some of the types of drivers Lyft typically has: single moms, retirees, students, and families simply trying to make ends meet. She said that in 2016

alone drivers on the Lyft platform had earned over \$1.5 billion and over \$100 million in tips. She claimed that access to Lyft benefits the economic economy overall. To back that claim up, she said that Lyft has contributed to an increase in annual spending of over \$750 million as users visit new restaurants, neighborhoods, and bars.

[2:23:00 PM](#)

REPRESENTATIVE KOPP directed attention to proposed statutory language, Sec. 28.23.060, on page 7, [lines 23-27], of HB 132, which he offered his understanding would require that the company provide a disclosure to the drivers before the drivers would be allowed to accept a request for prearranged rides. He noted that paragraph (2), on page 8, [lines 1-5], discusses a disclosure that the policy might not provide coverage while the driver is engaged in a prearranged ride. He asked under what types of circumstances a driver for a TNC could be operating without coverage.

[2:25:22 PM](#)

MS. DAVIS said that Lyft's default insurance ensures that there is coverage the entire time the Lyft app has been engaged. She shared that she does not currently know of any instances where drivers were denied coverage while engaging in a prearranged ride.

REPRESENTATIVE KOPP followed up that he is uncertain why the aforementioned paragraph is included in HB 132. He surmised that it sounds like, from an operational perspective, there is always coverage from the company's insurance even if there was something wrong with the driver's policy.

MS. DAVIS answered that is correct. She added that in period one Lyft's coverage is the primary insurance.

[2:26:31 PM](#)

REPRESENTATIVE DRUMMOND shared her concerns regarding the inadequacy of the period one policy. She shared her appreciation for the requirements for liability coverage for property damage and injury. She said that her main concern is for the 20 percent of Lyft drivers who are full-time drivers. She said that for the full-time drivers whose only source of income is driving, an injury can be devastating since they would not have worker's compensation coverage. She recognized that a

driver might be covered for his/her injuries and/or loss of vehicle but wanted to know how Lyft might compensate that driver if he/she is unable to return to work within a reasonable amount of time.

MS. DAVIS explained that in following the basic framework that has already been established in 38 other states for TNC legislation, TNC drivers are considered independent contractors and, as such, would not be subject to worker's compensation.

REPRESENTATIVE CLAMAN, in follow up to Representative Kopp's question asking about paragraph (2), at the top of page 8, in HB 132, said that he is interested in paragraph (3), which addresses when a driver's vehicle has a lien on it. He noted the portion that discussed a TNC driver might be in violation of a lien contract if using the vehicle for hired transportation services without physical damage coverage. He asked whether Uber and Lyft were in the business of not providing physical damage coverage to the vehicle of their drivers.

MS. DAVIS explained that Lyft provides coverage in period one that does not include the vehicle. In looking at the larger picture, she said Lyft does provide coverage from beginning to end. She pointed out that once TNCs get into a market the insurance question works itself out through the industry offering broader coverage options for TNC drivers.

REPRESENTATIVE CLAMAN provided his understanding that if Lyft drivers are not satisfied with the amount of coverage provided by Lyft, Lyft's answer is for the driver to go out and purchase additional private insurance through any number of insurance companies.

MS. DAVIS opined that Lyft does not leave its drivers out in the cold and it does provide some level of coverage during all three phases. She defended the variation of coverage among phases given that a driver could be on the way to the store in the course of his/her regular life. She surmised that the enhanced insurance coverage could be inappropriate at times.

[2:31:05 PM](#)

CO-CHAIR STUTES asked Mr. Gebhardt whether Uber had the same qualifications Ms. Davis previously stated are in place for Lyft drivers, such as a background check.

MR. GEBHARDT explained that Uber's background checks use a driver's social security number to check the past seven years for major criminal offences and major traffic issues at the national, state, and local levels. He added that the background checks also look at the national sex offender registry and if any red flags are raised the driver would not be allowed to join the platform.

[2:32:15 PM](#)

REPRESENTATIVE KOPP, in follow up to Representative Claman's previous comment regarding page 8, paragraph (3), shared his interpretation that the language was just warning a driver that then he/she didn't have personal property damage coverage, the driver could lose the car to the lien holder. He opined that the bill doesn't appear to be encouraging to that behavior. He said that HB 132 might actually protect people who are participating in TNCs.

[2:33:25 PM](#)

CO-CHAIR WOOL, regarding the definition of "prearranged", provided a scenario where a rider gets a driver's number and the two make a side cash deal for a pick-up at a later time. He offered his belief that cabs often do those sorts of side deals. He asked Ms. Davis what Lyft's policy is in similar circumstances.

[2:34:08 PM](#)

MS. DAVIS declared that Lyft strongly discourages those types of transactions and that a driver would be in direct violation of the terms of service. She concluded that if a driver were found to be guilty of conducting off-app rides, he/she would be off-boarded from the platform.

CO-CHAIR WOOL asked Ms. Davis what her experience has been with taxi cab companies once TNCs come into a community.

MS. DAVIS reported that Lyft has actually seen that in some markets new cab companies have opened up shop right along with the introduction of TNCs. She noted that in those cases all of the companies had profitable years. She added that the paradigm is shifting about how people think about transportation. She added that behaviors regarding transportation are changing as well, such as leaving cars at home more. She concluded that

there is a shift to coalesce around a multimodal transportation way of getting from point A to point B.

CO-CHAIR WOOL asked Mr. Ricker what the minimum coverage would be that he would have to carry just as a private citizen to drive in the state of Alaska.

[2:36:11 PM](#)

MICHAEL RICKER, Actuary P/C, Division of Insurance, Department of Commerce, Community & Economic Development (DCCED), answered that minimum requirements for insurance coverage in the state of Alaska are \$50,000-\$100,000 for bodily injury and \$25,000 for property damage.

CO-CHAIR WOOL offered his understanding that TNC drivers would have the same level of coverage in phase one as any driver in the state of Alaska would be required to carry while driving.

MR. RICKER said that is correct. He noted that there are other coverage minimums for commercial drivers. He shared that there may be some concern that a personal policy would exclude period one.

[2:38:48 PM](#)

CO-CHAIR WOOL offered his understanding that a TNC driver who wanted more coverage than what was provided by the TNC could go beyond the minimum and purchase a package of his/her own.

MR. RICKER, based on what has been said in this hearing, concluded that would be the case. He pointed out that Alaska has not seen any of those options yet, because the options are not even on the market yet in Alaska.

[2:39:40 PM](#)

REPRESENTATIVE KOPP, in response to Representative Wool's comment, offered his understanding that insurance requirements are resolved a couple different ways. He surmised that a driver would not be allowed to drive for a TNC unless his/her personal policy recognized that he/she was driving people for hire. He offered his understanding that the second a driver accepts a ride is when the million-dollar coverage would begin.

MS. DAVIS said that Lyft does provide \$1 million coverage for both periods one and two.

REPRESENTATIVE KOPP restated his question asking whether or not it is Lyft's policy to not accept drivers unless their personal policy recognizes that they would be driving for a TNC.

MS. DAVIS offered her interpretation of the section Mr. Kopp is referencing as saying that a TNC driver or the TNC, on behalf of the driver, shall maintain insurance that recognizes the insurance is for the TNC driver. She pointed out that Lyft offers coverage in all three phases, just at varying coverage amounts.

[2:42:12 PM](#)

REPRESENTATIVE DRUMMOND asked who would monitor the TNC drivers since the entire service is provided through an online service.

MS. DAVIS offered her understanding Representative Drummond meant in terms of how drivers would be conducting rides.

REPRESENTATIVE DRUMMOND confirmed that is correct.

MS. DAVIS said that Lyft uses a review system for both riders and drivers. She noted that it is compulsory to rate the driver in order to receive the next pick up service. She added that the review process can automatically trigger any sort of trust and/or safety investigation. She said the review process is also used to provide the passengers with the drivers' star ratings. She opined that the GPS monitoring technology is one of the greatest monitors for a vehicle.

REPRESENTATIVE DRUMMOND inquired how Lyft guarantees that the rider rates the driver.

MS. DAVIS said that before a rider would be able to order another ride, he/she would have to hit a star rating for the previous driver.

REPRESENTATIVE DRUMMOND offered her understanding that finishing the transaction includes the star rating.

MS. DAVIS confirmed that is accurate. She added that riders also have the option to leave a comment and/or a tip.

CO-CHAIR STUTES announced that HB 132 would be held over.

[2:44:40 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:44 p.m.