

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

March 2, 2017

1:40 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Louise Stutes, Co-Chair
Representative Gabrielle LeDoux (alternate)

COMMITTEE CALENDAR

SENATE BILL NO. 33

"An Act naming the state ferries built in Ketchikan and entering Alaska marine highway system service on or after 2017; and providing for an effective date."

- MOVED SB 33 OUT OF COMMITTEE

HOUSE BILL NO. 132

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

- HEARD & HELD

HOUSE BILL NO. 73

"An Act naming the state ferries built in Ketchikan and entering Alaska marine highway system service on or after 2017; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 33

SHORT TITLE: NAME STATE FERRIES: M/V TAZLINA & HUBBARD

SPONSOR(s) : RULES BY REQUEST OF THE GOVERNOR

01/23/17 (S) READ THE FIRST TIME - REFERRALS
01/23/17 (S) TRA
02/14/17 (S) TRA AT 1:30 PM BUTROVICH 205
02/14/17 (S) Heard & Held
02/14/17 (S) MINUTE(TRA)
02/16/17 (S) TRA AT 1:30 PM BUTROVICH 205
02/16/17 (S) Moved SB 33 Out of Committee
02/16/17 (S) MINUTE(TRA)
02/17/17 (S) TRA RPT 4DP
02/17/17 (S) DP: STEDMAN, EGAN, BISHOP, WILSON
02/27/17 (S) TRANSMITTED TO (H)
02/27/17 (S) VERSION: SB 33
03/01/17 (H) READ THE FIRST TIME - REFERRALS
03/01/17 (H) TRA
03/01/17 (H) TRA WAIVED PUBLIC HEARING NOTICE, RULE
23
03/02/17 (H) TRA AT 1:30 PM BARNES 124

BILL: HB 132

SHORT TITLE: TRANSPORTATION NETWORK COMPANIES

SPONSOR(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

WITNESS REGISTER

MICHAEL NEUSSL, Deputy Commissioner

Department of Transportation & Public Facilities (DOT&PF)

Juneau, Alaska

POSITION STATEMENT: Introduced SB 33, on behalf of the
governor.

LAURA STIDOLPH, Staff

Representative Adam Wool

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented a proposed committee substitute (CS) for HB 132, Version LS-0522\J, Wallace, 2/27/17, on behalf of Representative Wool, prime sponsor.

EVAN EADS

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 132.

JIM BRENNAN, Attorney

Anchorage Taxi Cab Permit Owners Association

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

MICHELLE NAPPLIER

Juneau, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

KATHIE WASSERMAN, Executive Director

Alaska Municipal League

Juneau, Alaska

POSITION STATEMENT: Spoke in opposition to HB 132 as currently written.

DAVID O'MAILEY

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 132.

BRETT FRAZER

Anchorage, Alaska

POSITION STATEMENT: Spoke in support of HB 132.

JACQUELINE RANSOM

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

AGNES FARMER

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

KIRSTEN MYLES, Director

Cabaret, Hotel, Restaurant and Retailers Association (CHARR)

Cook Inlet

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 132.

RYAN MCKEE

Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 132.

JAIME BEGUYOS
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 132.

JEREMY PRICE, Alaska State Director
Americans for Prosperity
Washington, D.C.

POSITION STATEMENT: Spoke in support of HB 132.

JOELLE HALL, Director of Operations
Alaska American Federation of Labor - Congress of Industrial
Organizations (AFL-CIO)
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

KEVIN RUSTON
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

JUSTIN SLATER
Palmer, Alaska

POSITION STATEMENT: Testified in support of HB 132.

MITCHEL MATTHEWS, Senior Operations Manager
Pacific Northwest Region
Uber Technologies Inc.
Seattle, Washington

POSITION STATEMENT: Answered questions and gave a brief
testimony in support during the hearing on HB 132.

ERICA SIMPSON
Douglas, Alaska

POSITION STATEMENT: Testified in support of HB 132.

DENNIS HARRIS, Owner/Operator
Custom Juneau Tours

POSITION STATEMENT: Testified in opposition to HB 132.

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

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

JAMES HARRIS, Dispatcher/Driver

Juneau Taxi & Tours
Juneau, Alaska

POSITION STATEMENT: Spoke in opposition to HB 132.

ACTION NARRATIVE

[1:40:30 PM](#)

CO-CHAIR ADAM WOOL called the House Transportation Standing Committee meeting to order at 1:40 p.m. Representatives Wool, Eastman (alternate), Drummond, Neuman, Sullivan-Leonard, and Kopp were present at the call to order. Representative Claman arrived as the meeting was in progress.

[1:41:10 PM](#)

SB 33-NAME STATE FERRIES: M/V TAZLINA & HUBBARD

CO-CHAIR WOOL announced that the first order of business would be SENATE BILL NO. 33, "An Act naming the state ferries built in Ketchikan and entering Alaska marine highway system service on or after 2017; and providing for an effective date."

[1:41:35 PM](#)

MICHAEL NEUSSL, Deputy Commissioner, Department of Transportation & Public Facilities (DOT&PF), said that the process to develop names for the two new Alaska Class Ferries (ACFs) was conducted over a year and was essentially a middle and high school essay contest. He reported that there were roughly 450 essays submitted that were judged by an independent panel that narrowed the entries down to the top ten. He continued that the top ten were then sent to the Department of Transportation & Public Facilities (DOT&PF) commissioner, the lieutenant governor, and the governor, who then collectively made the final decisions. He said that the two new ACFs are currently under construction in Ketchikan, Alaska. He said that Alaska Statute mandates that Alaska Marine Highway System (AMHS) vessels be named after glaciers in Alaska.

[1:42:47 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD requested a project update.

MR. NEUSSL reported that the Motor Vessel (M/V) Tazlina is essentially half built. He elaborated that the two ACFs are being built in modules. He said that the first half was rolled

outside about a month ago and that the stern half is currently undergoing construction. He added that the main engines and generators have been installed and that the car deck is being built. He noted that several modules were built at the same time so there are a few modules ready to be welded to the larger module. He said that the larger modules are assembled in place in the assembly hall.

CO-CHAIR WOOL asked about the completion date of the AFCs.

[1:44:01 PM](#)

REPRESENTATIVE NEUMAN explained that the latest estimates from the shipyard show delivery of the M/V Tazlina in January 2018 and delivery of the second vessel in January 2019.

REPRESENTATIVE NEUMAN asked whether the AFCs would be built on time and on budget.

MR. NEUSSL stated that the two new AFCs were built under an innovative procurement model called the construction manager/general contractor (CM/GC) process. He reported that the state selected Vigor shipyard in Ketchikan as a general manager and a construction manager for the project. He said that the next step included negotiating a best price maximum guarantee price contract with Vigor. He explained that the AFCs were all state funded through appropriation of unrestricted general funds (UGF).

REPRESENTATIVE NEUMAN clarified that he wanted to make sure it was known that the AFCs were "contract no guaranteed no credit price increases."

[1:45:25 PM](#)

CO-CHAIR WOOL opened public testimony on SB 33. After ascertaining that there was no one who wished to testify, he closed public testimony.

REPRESENTATIVE DRUMMOND moved to report SB 33 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 33 was reported from the House Transportation Standing Committee.

[1:47:06 PM](#)

The committee took an at-ease from 1:47 p.m. to 1:50 p.m.

HB 132-TRANSPORTATION NETWORK COMPANIES

1:50:06 PM

CO-CHAIR WOOL 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."

1:50:22 PM

REPRESENTATIVE DRUMMOND moved to adopt the proposed committee substitute (CS) for HB 132, Version LS-0522\J, Wallace, 2/27/17, as a working document. There being no objection, Version J was before the committee.

1:51:06 PM

LAURA STIDOLPH, Staff, Representative Adam Wool, Alaska State Legislature, on behalf of Representative Wool, prime sponsor of HB 132, explained that the changes proposed to HB 132 through Version J would mirror the changes made in the other body and "clean up" some of the language to ensure the original intent of the bill would be met. She explained that HB 132 was not intended to add any additional cost to the state to regulate. She noted that there was also a change made that would more closely reflect a policy in place for a TNC rather than what is in state statute. Ms. Stidolph read from the Explanation of Changes, included in the committee packet which read as follows [original punctuation provided]:

Add new Section 2: "AS 09.65 is amended by adding a new section Sec. 09.65.350. Immunity for certain actions related to transportation network companies.
(a) The state or municipality, and the officers, employees, and agents of the state or a municipality, are not liable in tort for damages for the injury to or death of a person or property damage resulting from an act, omission, or failure of a transportation network company or driver to comply with the requirements of AS 28.23 or other law."

MS. STIDOLPH said that this section was added to relieve the burden of cost to Alaska of having to regulate TNCs. She noted that if a TNC driver were found to be at fault, the case would go to civil court and the state has immunity from civil action. She said the intention of HB 132 was for no departments to have

to do any active regulation or checking of insurance. She said that Version J would remove the DMV position that was originally included in the bill and carried a fiscal note.

MS. STIDOLPH continued to the next portion of the Explanation of Changes, which read as follows [original punctuation included]:

Sections of the original bill are one section sequentially ahead in the CS from Section 2 on.

Section 6: Page 7, Line 26, remove original language from (i) and add "If the insurance carrier for the transportation network company makes a payment for a claim for physical damage to a personal vehicle that is subject to a lien, the insurance carrier shall pay the claim jointly to the owner of the personal vehicle and the primary lienholder or directly to the business repairing the personal vehicle"

MS. STIDOLPH explained that the original intent of this section was to dictate payment terms and not coverage and requirements which the old section got into and is already covered in Section 6, subsections (b) and (c). She added that the language was just cleaned up to have payment terms.

MS. STIDOLPH read the conclusion of Explanation of Changes, which read as follows [original punctuation provided]:

Section 7: Page 9, Line 27, Sec. 28.23.110 remove original (a), (b), and (c) and add "(a) The transportation network company shall adopt a policy prohibiting discrimination based on destination or a class or status protected under AS 18.80.210 with respect to a rider or potential rider. The company shall inform drivers of the policy. (b) A transportation network company driver shall comply with all applicable laws relating 1 to accommodation of service animals. (c) A transportation network company may not impose additional charges for providing services to riders with physical disabilities because of those disabilities."

MS. STIDIOLPH noted that the change was made to remove TNC company policy and add Alaska Statute language in regard to civil rights. She reminded the committee that the intention of HB 132 is to allow TNCs to operate in Alaska and that TNCs already operate in 49 other states. She surmised that not only

would HB 132 add convenience and ease of transportation for constituents but could also provide opportunity to put revenue into households that need help in tough fiscal times - like Alaska and many Alaskans are currently experiencing. She said that for drivers, TNC employment is a supplemental income with an extremely flexible schedule and gives people the chance to make extra money without jeopardizing the home life with set hours. She alluded that for passengers HB 132 would mean additional transportation options to better fit a modern lifestyle. In regard to TNCs and local economies, she said that more money gets spent at local businesses. She reported that in California, from Lyft alone, \$170 million was added to the 2014 California economy. She pointed out that TNCs would contribute to greater public safety. She said that one study found 90 percent of passengers felt more likely to avoid impaired driving because of choosing a ride share option. She said that she would like to touch on one last point that had not previously been discussed regarding TNCs and national savings. She reported that a Journal of American Medical Association (JAMA) study conducted on 500 TNC riders who used Medicare and/or Medicaid to pay for rides to doctors showed a savings of 32 percent on the ride cost. She opined that that percentage of savings could be very meaningful considering that \$2.7 billion is spent annually by Medicaid and/or Medicare on patient transportation. She concluded that ride sharing is the future of transportation and Alaska should show that it is open to innovation.

[1:56:26 PM](#)

CO-CHAIR WOOL opened public testimony on HB 132.

[1:57:18 PM](#)

EVAN EADS opined that travelers have an expectation of a certain level of transportation service and that Alaska should be able to provide those services. He spoke in support of TNCs in relation to public safety. He cited a Temple University study from 2009-2014 that showed a 3.6-5.6 percentage reduction in drinking and driving related deaths in cities where TNCs were in operation. He pointed out that other studies have shown that TNCs would likely play a larger role in places where there are fewer public transportation options, such as here in Alaska. He noted that one may think there are multiple options in his community of Fairbanks but in actuality the various cabs are all the same company. He surmised that HB 132 would allow for a broader support network for businesses and events. He added

that TNCs would provide essential transportation services to the elderly and indigent populations.

2:00:20 PM

JIM BRENNAN, Attorney, Anchorage Taxi Cab Permit Owners Association, stated that his first issue with HB 132 is the municipal preemption provision in Section 7. He said that cities and towns in Alaska have traditionally regulated passenger transportation for hire. He pointed out that regulations are different from city to city because Alaska does not lend itself to the "one-size-fits-all approach". He opined that there should be a somewhat level playing field between competing TNCs and taxi companies. He declared that to implement HB 132 without any administration or enforcement would be a joke. He added that nowhere in HB 132 would TNC compliance be assigned to a state agency. He opined that TNCs would need regulation just like taxi companies. He said that the city of Anchorage has four employees that deal with taxi and limousine ("limo") regulations. He opined that the fiscal note in the amount of \$280 thousand that was originally included with HB 132 would not even be enough for a statewide TNC regulatory administration. He said that his final point was in relation to a previous comment about TNCs adding part time jobs to Alaska. He stated that those part time jobs would come at the expense of long-time local taxi cab drivers. He stated that 20 percent of TNC fares would go to a San Francisco-based, multibillion-dollar corporation. He reiterated his opposition to HB 132.

2:03:59 PM

MICHELLE NAPPLIER stated her concurrence with Mr. Brennan's testimony. She reported, as a taxi driver, that taxis get routine mechanical checks and Alaska cab drivers have to receive medical clearance to drive. She added that taxi drivers generate both city and state revenue through fees for licenses and registrations. She recognized the importance of being regulated and said that for Uber to try to come in unregulated would be unreasonable and would not generate any city or state revenue.

2:05:49 PM

KATHIE WASSERMAN, Executive Director, Alaska Municipal League, shared her opposition to HB 132, as currently written, because Section 7 would take away the ability for municipalities to regulate a business within its own jurisdiction. She stated her

belief that to regulate the taxi industry and then bring in unregulated competition would be wrong. She noted that just like any other business, TNCs come with some issues as well as benefits to a community. She added that if the cities and boroughs in a state don't have the ability to fix those issues and are dependent on the state and the state doesn't budget any money then there would be a real problem. She raised the issue of parking. She mentioned that Juneau, in particular, has a very limited number of parking spots available downtown and that cabs are regulated to only park in designated cab spaces while waiting for a fare. She pointed out that Uber drivers would be able to park anywhere and would potentially take up parking spots for other individuals who may have come downtown to shop. She opined that each city should be able to decide, through its own residents, what TNC regulations should be.

[2:07:54 PM](#)

REPRESENTATIVE CLAMAN asked Ms. Wasserman whether, in talking with city managers, any of the localities expressed the desire to have the ability to make local laws regulating TNCs or if they all are prohibited from doing so by state legislation.

MS. WASSERMAN reported that some of the city managers she talked to shared stories similar to the way regulations would be set under HB 132, where municipalities were not allowed to regulate at the local level. She added that many states have changed state laws and are now allowing local regulation.

REPRESENTATIVE CLAMAN asked Ms. Wasserman whether she opined that contrary to claims by representatives of TNCs that they would not be able to operate in Alaska if there were local control, in actuality many counties and municipalities nationwide have implemented local TNC regulations and the TNCs are still operational in those areas.

MS. WASSERMAN offered her understanding that some of the communities she was in conversation with were allowed to have local control of TNC regulations.

[2:09:42 PM](#)

DAVID O'MAILEY stated that in 2015, after a year of soliciting Uber to come to Alaska, he was the first Uber driver in Anchorage. He added that now he is a taxi driver and is trying to get Uber to return. He opined that Alaska needs TNCs and the people of Anchorage want TNCs. He added that TNCs would bring

needed competition and innovation to a broken and closed industry. He shared his understanding that TNCs do not dump all the liabilities and responsibilities on municipalities. He declared that people are sick and tired of dealing with monopolies. He remarked that TNCs would not only benefit locals but visitors from villages as well as from the cruise ship industry. He maintained that Anchorage cab drivers want TNCs and TNCs would not hurt the cab industry. He suggested that cartels run the cab industry in Anchorage. He reported that he constantly gets asked when Uber and Lyft are coming back to Anchorage. He expressed that the transportation situation in Anchorage is bad.

[2:11:38 PM](#)

BRETT FRAZER opined that Uber belongs in Alaska for three reasons: first, it is good for consumers; second, it is good for public safety; and third, it is good for Alaska. He surmised that testimony in opposition of TNCs because of fear of losing cab jobs speaks to the evidence that Uber can offer competitive pricing to indigent consumers and other riders who may have a hard time getting to appointments. He shared that when he was a college student at the University of Alaska Anchorage (UAA) he occasionally had to cancel appointments because his car was not functioning, and he could not afford the expensive cab fares. He declared that the people who need TNCs the most are individuals who cannot afford cab fares. He recognized that decreases in drunk driving had already been discussed and put on the record. He shared that having personally lost friends and acquaintances to drunk driving, he opines that any policy which prevents that type of damage from occurring in a community is good. He maintained that Uber would be good for Alaska and its image. In regard to the discussion about the municipal preemptive clause, he said that he sees nothing in Section 7 that would actually insulate TNC drivers from civil liability if involved in an accident. He shared his understanding that auto insurance companies now offer a phase one insurance coverage for TNC drivers who are logged onto the network but have yet picked up the fare. He surmised that nothing in HB 132 would prevent insurance companies from providing phase one coverage in Alaska. He said that it is a "red herring or a straw man" to suggest TNC drivers would be unregulated, because TNC drivers would be subject to the same liabilities as everyone else.

[2:14:05 PM](#)

JACQUELINE RANSOM urged the committee to vote against HB 132 because it would take away the right for city self-governance. She noted that all the cities in Alaska are very diverse and can decide locally in regard to safety, fares, inspections, et cetera. She said that under HB 132 Uber would be allowed to operate anywhere in Alaska, unregulated, regardless of what local municipalities want. She surmised that HB 132 would not give the public the safe guards in which it is entitled. She alluded that HB 132 would allow TNCs to bypass already existing regulations for cabs in Anchorage. She opined that Uber is notorious for not following rules and that is the reason it left Anchorage. She mentioned that Anchorage recognizes vehicle cameras are needed for increased safety and already requires them for taxis.

[2:16:56 PM](#)

AGNES FARMER asked that the committee vote no on HB 132. She opined that the state does not need to take away local control from municipalities to regulate the transportation industry. She added that communities have already voted on the laws they would like to have in place. She shared that she could not understand why the state would want to fund the introduction of TNCs when 20-25 percent of the money earned would be going directly to the Lower 48. She explained that as a taxi driver, when she collects fares in Anchorage and pays her lease fee to a local owner, who then pays a local dispatcher, the money stays in Alaska, which is essential during a recession. In regard to public safety, she declared that she would not want to ride or drive in a taxi without a camera.

[2:19:09 PM](#)

KIRSTEN MYLES, Director, Cook Inlet Cabaret, Hotel, Restaurant and Retailers Association (CHARR), stated that Cook Inlet CHARR wholeheartedly supports HB 132, which would open up the market for TNCs and ultimately improve transportation for Alaska. She said there was a recent Anchorage Assembly hearing where the issue of increasing the number of cabs was heard and passed, cab owners and drivers complained that it was not economically feasible to service areas like Eagle River and Girdwood and that there are "too many cabs on the street and not enough fares to go around." Conversely, she said that consumers testified about unanswered calls, long wait times, excessive fares, cabs in poor condition, and subpar customer service. She surmised that opening up public transportation to ride sharing programs would take care of a lot of the aforementioned problems and would

allow locals in both Eagle River and Girdwood communities to service their own. She added that TNCs would let consumers decide what kind of service to put their money toward. She said that ride sharing is good for public safety. She cited two separate studies in 2015 by Temple University and Fox School of Business that found ride sharing programs attributed to a reduction in alcohol related homicides by as much as 5.6 percent annually. She also pointed out that after banning ride sharing services, Uber and Lyft, in 2015 the city of Austin, Texas, reported a 7.5 percent increase in driving under the influence (DUI) compared to the previous year, according to a [indiscernible] article from 6-17-16. She stated that Cook Inlet CHARR is always interested in finding ways to provide responsible service and keep patrons safe. She surmised that HB 132 would improve the potential availability and competitive pricing of transportation services by opening the market for more rivalry and is a positive move that Cook Inlet CHARR supports. She urged the committee to move HB 132 for the betterment of Alaska.

[2:21:43 PM](#)

RYAN MCKEE shared his support for HB 132. He said he finds it interesting that public testimony regarding TNCs is mainly heard from taxi drivers in opposition and opposition is rarely heard from the customers paying for taxi services. He noted that most people testify regarding long wait times, poor service, and unreliable service because those issues are what have impacted people. He commented on the high price of taxis and said that from south Anchorage to downtown is easily \$20-\$30 one way. He pointed out that with TNCs the cost is a fraction of cab fares. He added that many times cab drivers have to be directed to the destination since many do not have onboard navigation systems. He recognized that there are a lot of reasons why rideshares should come to Alaska and one is that it is one of the last states to welcome TNCs. He concluded that now would be a great time to introduce TNCs, when the state is looking for additional ways to raise revenue.

[2:23:34 PM](#)

JAIME BEGUYOS pointed out the high level of safety for both the rider and driver with TNCs because of the use of credit cards over the system. He alluded that TNCs are convenient because the vehicles can park anywhere and are not generally limited to designated spots. He added that TNCs are affordable because the application gives riders an option to pay later.

2:25:36 PM

JEREMY PRICE, Alaska State Director, Americans for Prosperity, opined that HB 132 is a great piece of legislation. He said that HB 132 is fundamental to providing a better service and a better product to consumers in Alaska. He shared a recent personal story where he waited almost 30 minutes for a taxi from his house in Bay Shore to Ted Stevens Anchorage International Airport. He explained that based on uncertainty the taxi would even show, he ended up taking his truck and incurring five days in parking fees. He reported that meanwhile in Washington, D.C., he has been using Uber and finds it to be reliable and friendly. He noted that there are countless instances of bad service from taxis in Anchorage. He said that he is in opposition to Ms. Wasserman's comments, because he feels that local jurisdiction created the taxi cartel problem in Anchorage by limiting the amount of permits that could be issued. He opined that HB 132, as written, would keep Alaska's various jurisdictions from messing up the introduction of TNCs to the state.

2:28:20 PM

JOELLE HALL, Director of Operations, Alaska American Federation of Labor - Congress of Industrial Organizations (AFL-CIO), told the committee that Alaska AFL-CIO represents over 50,000 workers across the state. She voiced that her organization is opposed to HB 132 because of the bill's misclassification of workers. She explained that the actions in HB 132 would exclude TNC drivers from worker's compensation and unemployment insurance (UI) as a special class of worker. She opined that it would set a dangerous precedent because TNC drivers do not meet the standard definition of a true independent contractor.

MS. HALL said that even in analyzing the name "transportation network company," the heart of Alaska AFL-CIO's objection is revealed to expose a network of workers doing the same job, with a significant portion of control over the work being dictated by a single corporate entity: TNC drivers do the exact same job as 100s of other drivers for the same company; the TNC tells drivers who to pick up; the TNC pays for the insurance when a rider is in the vehicle; and all money is collected and goes directly to the TNC. She surmised that adding TNC drivers to a list of exempted workers who fail to meet the standards of an independent contractor would be entering a slippery slope. She added that the Alaska AFL-CIO opposes the preemptive language in

HB 132. She concluded that since TNCs are in direct competition to taxis, individual communities would be best suited to handle the industry and determine the issues of fair competition in each jurisdiction.

CO-CHAIR WOOL inquired whether taxi drivers are considered employees or independent contractors.

MS. HALL answered that taxi drivers are independent contractors.

2:30:40 PM

REPRESENTATIVE CLAMAN asked Ms. Hall to explain the distinction drawn between taxi drivers and TNC drivers in relation to exemptions to worker's compensation and UI.

MS. HALL explained that while each type of driver has his/her own vehicle, the issue relates to command and control. Furthermore, taxi drivers have the ability to decline a ride within reason. She said that the Alaska AFL-CIO's main objection is that the TNC insurance structure is entirely unfair. She explained that the TNC itself pays for the insurance, which is a primary cost of doing business. She added that in this particular model of work the insurance is a primary cost of doing business.

MS. HALL stated another distinction between TNC drivers and taxi drivers is that at the end of a shift taxi drivers have all the money in their hands to then pay the vendors used to run the business, such as the dispatch company and the medallion owner. She added that TNCs keep all the money and send drivers a check at the end of the month. She pointed out that there was recently a class action law suit filed against a TNC for wage theft. She opined that a company cannot systematically defraud an entire class of people if those people are not its employees. She added that TNCs should not be allowed to have control of the wages of TNC drivers since the drivers are independent contractors. She surmised that TNCs are trying to ride right down the middle between being an employee and an independent contractor.

REPRESENTATIVE CLAMAN offered his understanding that at a certain phase the TNC is paying for insurance for its drivers. He asked who is responsible for paying for insurance coverage for taxi drivers.

MS. HALL answered that she does not know. She offered her assumption that it would be the taxi driver.

REPRESENTATIVE CLAMAN asked Ms. Hall whether she knew if taxi drivers contribute to UI or if they are exempted like TNC drivers would be under HB 132.

MS. HALL replied that she did not know. She reiterated that the concern with HB 132 is the exemption TNC drivers would receive from workers compensation and UI. She shared her belief that TNC drivers do not meet the definition of an independent contractor, as understood in Alaska or on the national level. She concluded that the only person a taxi driver has a responsibility to is the medallion owner.

[2:35:28 PM](#)

KEVIN RUSTON said that he is opposed to HB 132 because it would throw out over 100 years of both customer and worker protection and would completely abandon the disabled community. He opined that the Americans with Disabilities Act (ADA) mandates that a certain amount of responsibility falls on both the state and municipalities. He said that since inception TNCs have been full of nothing but empty promises. He opined that HB 132 would decrease opportunities for transportation, education, entertainment, and would basically segregate the disabled segment of the population. In speaking to the issue of public safety, he advised the committee to revisit the research on DUI reductions and TNCs. He pointed out a recent article in The Washington Post reported the initial studies from the University of Southern California (USC) and Oxford University showing DUI rates declined were flawed. He voiced that it is quite laughable to have a budget item expected to come at no cost to the state to regulate TNCs. Mr. Ruston said that he could not help but to be reminded of the scene from the movie "The Godfather" where Michael Corleone asked the corrupt senator to pay for his casino license. He concluded that TNCs try to make a legal argument with the ADA that responsibility doesn't rest with the TNCs.

[2:38:40 PM](#)

JUSTIN SLATER opined that there is a taxi cab racket in Anchorage. He added that cab service in Anchorage is just not worth the hassle. He shared his experience that ride share options would make it easier to get around in the absence of a vehicle or when an individual is impaired. He noted that cab

drivers are in such opposition because they offer such poor service and know that with other options available, taxi companies would suffer. He surmised that if nothing else, HB 132 would make cab companies reevaluate their customer service.

[2:40:25 PM](#)

CO-CHAIR WOOL asked Mr. Matthews from Uber to speak to the questions of whether payments all go directly to the TNC and how TNC drivers get paid.

[2:40:50 PM](#)

MITCHEL MATTHEWS, Senior Operations Manager, Pacific Northwest Region, Uber Technologies Inc., explained that Uber is a digital network that connects riders with drivers. He noted that independent contractor drivers enjoy the flexibility of the TNC model which allows drivers to work when they want to work and however long they want. He pointed out that Uber drivers could even work for multiple competing TNCs. In regard to a previous question about Uber drivers and pay, he explained that it is up to drivers to choose whether they want to be paid daily, weekly, or even within hours. He listed off a number of states that have made statewide determinations that Uber drivers are independent contractors for the purposes of unemployment compensation. He added that TNC drivers being recognized as independent contractors was further affirmed by the Florida Court of Appeals.

MR. MATTHEWS, in speaking to insurance, said that Uber rides operate in three periods: periods one, two, and three. He reported that periods two and three have a one-million-dollar coverage for liability. He said that in period one drivers have the flexibility to be sitting at home waiting for a fare. He added that the coverage in period one matches the current coverage in Alaska, which he pointed out is the highest in the nation for minimum coverages for property, bodily per accident and per person. He shared Uber's opinion that the insurance compromise adopted by the National Conference of Insurance Legislators (NCOIL) meets Alaska minimum coverage. He explained that since insurance coverage starts when the application gets turned on, keeping the limit at the state limit would remove any moral hazard or risk that a driver would turn on the application simply to get better coverage while never intending to even engage in ride sharing.

MR. MATTHEWS surmised that HB 132 would create a statewide solution to allow for consistent statewide regulations for drivers, independent contractors, and business owners without having to navigate through a patchwork of local regulations that would differ from city to city. He said that HB 132 would eliminate the worry for drivers of being barred from picking up fares in a certain location or deadheading, which could mean an empty return from a possible long, one-way trip. He added that Uber has observed an artificial restriction on the earnings opportunities for drivers in states where drivers have to navigate the patchwork of regulations. He voiced that a consistent framework would enhance access to transportation in rural communities and would connect underserved neighborhoods and residents. He said that a consistent framework would also allow for drivers to connect with riders without the burden of multiple licensing and without the patchwork of regulations and increased barriers to entry and opportunities to earn.

MR. MATTHEWS pointed out that Uber conducts a comprehensive screening process done by a third party accredited and approved by the National Association of Professional Background Screeners (NAPBS). He said that the screen covers convictions based on social security number (SSN) and driving records and does not allow anyone to drive who is on the national sex offender list, which is maintained by the U.S. Department of Justice. He added that drivers must first provide Uber with their full name, date of birth, SSN, a valid driver's license, valid vehicle registration, proof of insurance, and a valid bank account. He explained that Uber doesn't believe that safety ends at an initial background check, so the Uber application logs information for trips which can be used by the rider to alert other people of his/her location and estimated time of arrival. He concluded by sharing his excitement to bring Uber to Alaska.

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REPRESENTATIVE CLAMAN said that the committee previously heard from Ms. Wasserman that there are several areas across the country that have local rules and regulations regarding TNCs separate from what has been done at the state level. In response to a request for clarification, he rephrased his question to ask whether there are some states that allow municipalities, cities, and/or counties to have its own regulations for TNCs that may be different from what may have been passed on the state level.

MR. MATTHEWS explained that there are some states that have statewide regulations that were adopted at the early onset of TNCs. He gave an example that in the state of Washington there is only a statewide insurance which prescribes insurance at a set level. He noted that small jurisdictions have the ability to regulate, which creates patchwork regulations that restricts a driver's ability to provide service within a metropolitan area.

REPRESENTATIVE CLAMAN offered his understanding that, in Washington, the state has chosen to establish insurance coverage levels for TNCs. In addition, the city of Seattle has created its own regulations and laws that cover more than just insurance. He asked Mr. Matthews if it would be safe to assume that Uber is still happy operating in Seattle even with conflicting municipal and state regulations.

MR. MATTHEWS noted that Seattle was the third city worldwide to launch Uber, and at the time state regulations were not considered. He said that there is currently a bill being worked on that would implement a state regulation for all of Washington. He said that there is an inability to provide TNC products across a patchwork of regulations.

REPRESENTATIVE CLAMAN surmised that Mr. Matthews had just given a long way of saying yes, Uber is offering rides in Seattle even though the city has its own framework.

MR. MATTHEWS concurred. He elaborated that it is only because Seattle was the third city to launch Uber.

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ERICA SIMPSON shared that she is a longtime travel industry professional. She opined that HB 132 would promote free enterprise and expand economic opportunity. She said that Alaska, Juneau especially, with a high cost of living, relatively stagnant wages, and a chronic need for better access and more transportation options, would benefit tremendously from Uber and Lyft. She noted that the full and part-time jobs created by TNCs would help give Juneau residents an additional employment option and supplemental income to help make ends meet. She pointed out that taxi cab companies are going to argue that TNCs would diminish wages. She opined that Juneau taxis are so absorbed offering tours to summer visitors that basic services to locals have suffered. To back up this claim, she advised members to have a look at the number of taxis at the

glaciers on any given summer day. She surmised that TNCs would offer a transportation option that would fill a void in Juneau's current transportation system.

MS. SIMPSON reported that TNCs are elastic and adapt to on-demand need. She said that Uber and Lyft would provide strictly basic transportation during times of high demand. She noted that one major problem in Juneau is trying to get a cab from the airport and TNCs would fill that need. She mentioned another often frequent situation in Juneau when ferries get delayed and end up coming in in the middle of the night all the way out at Auke Bay ferry terminal with no taxis in sight. She said that she was curious how many DUI's have happened because of taxis being overwhelmed at bar close in Juneau. She shared that she has personally walked home from downtown Juneau to Douglas at 3 a.m., as a lone female, because she could not find a cab.

MS. SIMPSON said that HB 132 would promote accountability because both TNC driver and rider are held accountable through the TNC's rating system. She opined that taxi companies don't offer that level of accountability because they are the only ones in town. She surmised that TNCs would make taxi cab companies step up their game. She concluded that TNCs are far superior to using regular taxis because TNCs offer better service, the cars are cleaner, and service is timelier and more affordable.

[2:53:24 PM](#)

DENNIS HARRIS, Owner and Operator, Custom Juneau Tours, stated that he carries a full commercial passenger transport insurance policy. He noted that insurance coverage for his limousine costs him about \$6,000 per year. He indicated that for the ten years before he acquired the limousines, he drove a cab in Juneau and insurance cost him about \$3,500 per year. He predicted that Uber drivers would take flagged trips, which are not legal under Uber's contract. He added, "They will be off the app, passengers will flag them, or their friends will call them for a ride." He opined that at that point a driver would not be covered under an insurance policy. He advised that unless something is added to HB 132 that includes commercial passenger mandatory coverage, TNC drivers would find out the hard way that Uber does not cover its drivers for collision, at any phase.

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MR. D. HARRIS shared that various groups in Juneau spent many years first passing a commercial passenger vehicle ordinance, then refining it. He alluded that the ordinance works especially well on a six-cruise ship day when there are an additional 22,000-27,000 people in downtown Juneau for up to 12 hours. He said that at peak times Juneau usually has: 65 taxi cabs, about 75 tour vans and mini buses, about 60-70 full-size passenger coaches, as well as freight trucks and fuel trucks coming through South Franklin [street].

MR. D. HARRIS reported that during this week's City and Borough of Juneau Assembly Committee of the Whole work session, the assembly told the city lobbyist it would oppose HB 132, unless cities were given the right to opt out. He shared that he pays for permits in order to park in downtown Juneau. He noted that the permit fees go toward the operation of the parking/loading facilities. He added that the same permitting happens at the Juneau International Airport. He opined, with certainty, that the airport counts on that fee-generated revenue. He surmised that both Anchorage and Fairbanks, being state funded, also count on revenue from commercial passenger fees. He related his understanding that under HB 132 no one would be allowed to charge TNCs with the commercial passenger fee and it would not be a level playing field.

MR. D. HARRIS shared that he is also very concerned about Uber's background checks and he finds them to be insufficient. He said that he submitted an article to the committee that listed various deaths, assaults, sexual harassment incidences, and a number of other problems involving both Uber and Lyft drivers. He advised the committee that unless police department background checks are required, there would be a lot of problems. He surmised that HB 132 would not allow any opportunity for the state to make regulations regarding TNCs and, without the ability to regulate, the state would be giving carte blanche to an outside corporation that is looking to be exempt from everything. He noted that 25 percent of TNC revenue would automatically leave the state because that is the percentage Uber charges its drivers for a dispatch fee. He said that Uber is currently using \$13 billion in investor venture capital funds to underprice the market. He cautioned the committee that the underpricing is intended to run cab companies out of business and since there would be no regulations, TNCs would be allowed to price fares at whatever they wanted.

MR. D. HARRIS opined that if the committee is going to pass HB 132, then it should amend the bill to include an opt out option

for cities. He added that the language in HB 132 pertaining to the handicap and insurance requirements should also be tightened. He said that when he drove a taxi, he took pride in having the cleanest and nicest taxi in town. He added that he always paid his city sales tax every time he took a personal call.

[3:00:37 PM](#)

CO-CHAIR WOOL mentioned the limited cab situation at the Juneau airport. He asked whether the number of cabs in Juneau is limited in any way.

MR. D. HARRIS answered no. He explained that the problem at the Juneau airport is due to Alaska Airlines, Inc., clustering plane landings in a cost saving measure for paying cargo crew wages. He added that the plane landings typically get clustered to into sets of three in one hour, with multiple sets in any given day. He declared that Juneau taxis have a priority for local fares.

REPRESENTATIVE CLAMAN asked whether Mr. D. Harris owns his own taxis.

MR. D. HARRIS responded that he did but he no longer does.

REPRESENTATIVE CLAMAN inquired who paid the insurance when Mr. D. Harris owned the taxis and whether he had other drivers or just himself.

MR. D. HARRIS answered that he was the only driver. He recounted that it is always the taxi driver who pays for the insurance.

REPRESENTATIVE CLAMAN asked about the policy limits Mr. D. Harris carried and whether or not those were a requirement according to local regulation.

MR. D. HARRIS explained that in Juneau there are two separate limit requirements: first, the city requires \$500,000 and \$50,000, liability and property; then the United States Forest Service (USFS) requires a higher liability for passengers exiting the vehicle. He noted that he typically carried \$1 million-dollar coverage.

REPRESENTATIVE CLAMAN offered his understanding that additional liability coverage would be separate from collision liability.

He asked Mr. D. Harris whether regulations in Anchorage would be a function of local regulation.

MR. D. HARRIS confirmed both of Representative Claman's points.

REPRESENTATIVE CLAMAN asked whether taxi owners pay unemployment insurance coverage for their drivers.

MR. D. HARRIS answered no. He explained that drivers are independent contractors. He noted that a driver may lease a taxi from a dispatch company or another driver.

[3:04:22 PM](#)

CO-CHAIR WOOL pointed out conflicting testimony from Mr. D. Harris and Ms. Davis's previous testimony [during the House Transportation Standing Committee's (2/28/17) hearing on HB 132] regarding the effect the introduction of TNCs have on cab companies in the area and asked Ms. Davis to speak to that.

[3:04:54 PM](#)

RENA DAVIS, Public Policy Manager, Lyft, Inc., said that in her previous testimony she had cited an instance where Lyft, and a competing TNC, and three cab companies launched at the same time into a new market. She reported results showed it was the highest year ever for the cab companies. She opined that TNC introduction to a market does not impact the flow of business to other forms of transportation.

CO-CHAIR WOOL asked Mr. Matthews to comment on the status of taxis in the Seattle area since the introduction of TNCs.

MR. MATTHEWS explained that there are still taxis in Seattle and there are even taxis on the Uber application. He added that Seattle launched more medallions to better serve the market once TNCs were introduced.

[3:06:04 PM](#)

The committee took a brief at-ease at 3:06 p.m.

[3:06:46 PM](#)

JAMES HARRIS, Dispatcher/Driver, Juneau Taxi & Tours, recognized that there are reports of cab companies prospering, but he pointed out that in several instances, such as in San Francisco,

cab companies have declared bankruptcy. He stated that taxis in Juneau do try to accommodate people's arrival to the airport, but it is difficult with the way the arrivals are clustered. In regard to being implemented statewide, he said he saw no reason other than for "bottom lines." He shared that he used to drive cab in Anchorage and knew of instances where cabs dropped fares off in Palmer and even Valdez during the oil spill. He stated that it is all about the origin of the fare, not the destination. He concurred with Mr. D. Harris that phase one insurance coverage for TNCs needs to be increased. He said that drivers would take trips when not on the application and when friends call, as well as taking flagged trips, all the while not being insured. He pointed out that a vehicle with six people in it and only \$100,000 in coverage would not suffice. He noted that there have been several cases where pedestrians have been struck and killed by a TNC driver without people in the car, with the application open but not on a trip, and not covered by insurance. He mentioned that although Lyft has a zero-tolerance policy for drugs and alcohol, it does not test for them unless told it must.

CO-CHAIR WOOL inquired how the local taxi companies test drivers for drugs and alcohol.

MR. J. HARRIS answered that currently there are no substance test requirements. He noted that he has been working for the past year in trying to implement substance testing for Juneau taxi drivers. He said that just like Uber drivers, taxi drivers can sit home and wait for fares using a computer dispatch system - so that concept is nothing new. He rehashed that everyone who has spoken against Uber and Lyft has said the same thing: cities need to be able to decide individual regulations. He said that Anchorage drivers already adhere to drug testing and so, too, should TNC drivers. He pointed out that TNCs were not kicked out of Austin, Texas, but instead left on their own accord to avoid strict regulations. He shared his understanding that most cities do regulate TNCs. He noted that only eight states were previously mentioned as having statewide openings for Uber and Lyft. He pointed out that there is such a thing as buyer's remorse. He said that TNCs are fighting with various states and local governments because they want to be unregulated. He declared that if he can abide by the rules and run a small operation, a billion-dollar corporation should have to as well. He recognized that a lot of people want Uber and it doesn't offend him, but what does offend him is being told he has to do one thing while his competition would be allowed to come in and do whatever it wants.

CO-CHAIR WOOL announced that HB 132 was held over with public testimony open.

[3:13:58 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 3:14 p.m.