

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 15, 2019

3:20 p.m.

MEMBERS PRESENT

Representative Gabrielle LeDoux, Co-Chair
Representative Adam Wool, Co-Chair
Representative Zack Fields
Representative Sara Hannan
Representative Louise Stutes
Representative Josh Revak
Representative Dave Talerico

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CONFIRMATION HEARING(S) :

Board of Nursing

Marisha Dieters - Eagle River
Wendy Monrad - Anchorage

- CONFIRMATION(S) ADVANCED

Board of Social Work Examiners

Mindy Swisher - Fairbanks

- CONFIRMATION(S) ADVANCED

HOUSE BILL NO. 102

"An Act relating to rental vehicles; relating to vehicle rental networks; relating to liability for vehicle rental taxes; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 97

"An Act relating to the prescription of drugs by a physician assistant without physical examination."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 29

"An Act relating to insurance coverage for benefits provided through telehealth; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 102

SHORT TITLE: RENTAL VEHICLE BY PRIVATE OWNER

SPONSOR(S): REPRESENTATIVE(S) WOOL

03/20/19	(H)	READ THE FIRST TIME - REFERRALS
03/20/19	(H)	L&C, FIN
04/03/19	(H)	L&C AT 3:15 PM BARNES 124
04/03/19	(H)	Heard & Held
04/03/19	(H)	MINUTE(L&C)
04/08/19	(H)	L&C AT 3:15 PM BARNES 124
04/08/19	(H)	Heard & Held
04/08/19	(H)	MINUTE(L&C)
04/15/19	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

NANCY SANDERS

Anchorage, Alaska

POSITION STATEMENT: Answered questions from the committee regarding the Board of Nursing.

BRIAN ROTHERY, Government and Public Affairs Vice President

Enterprise Holdings

Sacramento, California

POSITION STATEMENT: Testified in support of HB 102.

MICHELLE FANG, Chief Legal Officer

Turo

San Francisco, California

POSITION STATEMENT: Answered questions during the hearing on HB 102.

ACTION NARRATIVE

[3:20:49 PM](#)

CO-CHAIR ADAM WOOL called the House Labor and Commerce Standing Committee meeting to order at 3:20 p.m. Representatives Talerico, Fields, Revak, Stutes, Hannan, LeDoux, and Wool were present at the call to order.

CONFIRMATION HEARING(S) :
Board of Nursing
Board of Social Work Examiners

[3:22:02 PM](#)

CO-CHAIR WOOL announced that the first order of business would be confirmation hearings for appointees to the Board of Nursing and the Board of Social Work Examiners.

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NANCY SANDERS, informed the committee that she was a former board member, chair, and executive administrator to the Board of Nursing.

CO-CHAIR WOOL questioned whether it is appropriate to have an advanced practice registered nurse (APRN) serving in a registered nurse (RN) seat on the Board of Nursing.

MS. SANDERS pointed out that the process of becoming an APRN requires being a RN first. She noted that the statute [AS 08.68.010] states, "two members shall be registered nurses at large who are currently engaged in registered nursing and have practiced for at least four years immediately preceding appointment." She said it will be up to the committee to decide whether the appointee in question meets the statute's requirements.

CO-CHAIR WOOL offered his understanding of the 7-member board's composition. He listed two registered nurses, one advanced practice registered nurse, one registered nurse educator, two public members, and one licensed practical nurse (LPN). He asked if this was correct.

MS. SANDERS answered yes.

CO-CHAIR WOOL asked if Ms. Sanders had a background in nursing.

MS. SANDERS replied that she was on the board as the nurse educator.

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CO-CHAIR LEDOUX sought to clarify Ms. Sanders' position on the board as either the current chair or executive [administrator].

MS. SANDERS stated that she is no longer on the board and is no longer the executive administrator, adding that there is currently no one filling that position.

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REPRESENTATIVE HANNAN asked when Ms. Sanders left her position as executive [administrator] to the board.

MS. SANDERS replied three and a half years ago.

REPRESENTATIVE HANNAN asked about the problems and opportunities that could be created by having many new members on a board as complex as the Board of Nursing.

MS. SANDERS acknowledged that it is a complex board. She opined that it will take the six new members time to become knowledgeable about the workings of the board and some of the important topics. she reflected on her experience as chair of the board when five of the seven members were replaced. She said they had a long-serving executive administrator who helped educate the new members and got them up to speed. She said it will be difficult for the board to be effective right away.

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CO-CHAIR LEDOUX restated Representative Wool's question, asking if it is appropriate to have an APRN serving in a RN board seat.

MS. SANDERS indicated that it would be more advantageous to follow the statute and have a RN fill the RN seat.

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CO-CHAIR WOOL asked if RNs are the predominant category of nurses.

MS. SANDERS replied yes, RNs makeup the largest category of nurses. She noted that the board also oversees certified nurse aids (CNAs) who are supervised by both RNs and the LPN.

CO-CHAIR WOOL offered his understanding that the board is not supposed to be political.

MS. SANDERS acknowledged that. Nonetheless, she alluded to the appointment process and that the board members are chosen by the administration.

CO-CHAIR WOOL asked Ms. Sanders if she had any further comments.

MS. SANDERS offered her belief that the Board of Nursing should not be issuing an opinion on abortion or any other divisive topics. She remarked that the purpose of the board is for public protection and to license qualified nurses and CNAs.

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CO-CHAIR WOOL closed public testimony.

[3:39:21 PM](#)

The committee took a brief at-ease.

[3:40:18 PM](#)

CO-CHAIR LEDOUX sought clarification on which appointee was potentially overqualified to fill the RN seat on the Board of Nursing.

CO-CHAIR WOOL answered, Marisha Dieters.

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REPRESENTATIVE HANNAN opined that because Ms. Dieters was still working as a RN at the time of her testimony, she could support her filling the RN seat right now; however, after three years, as she gains more experience working as an APRN, it would not be appropriate.

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CO-CHAIR LEDOUX reminded members that if Ms. Dieters is confirmed she will fill the RN seat for 3 years while working as an APRN, which doesn't fulfill the statutes intent.

CO-CHAIR WOOL agreed. He stated that the statute specifically defines the composition of the board. He noted that it makes

sense to have two registered nurses on the board because they makeup up the majority of nurses in the state.

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CO-CHAIR LEDOUX made a motion to advance the confirmation of Marisha Dieters and Wendy Monrad, appointees to the Board of Nursing, to the joint session for consideration. She reminded the committee that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees, and the nominations are merely forwarded to the full legislature for confirmation or rejection. There being no objection, the confirmations were advanced.

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CO-CHAIR LEDOUX made a motion to advance the confirmation of Mindy Swisher, appointee to the Board of Social Work Examiners, to the joint session for consideration. She reminded the committee that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees, and the nominations are merely forwarded to the full legislature for confirmation or rejection. There being no objection, the confirmation was advanced.

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The committee took an at-ease from 3:47 to 3:50 p.m.

[Co-Chair Wool passed the gavel to Co-Chair LeDoux.]

HB 102-RENTAL VEHICLE BY PRIVATE OWNER

[3:50:01 PM](#)

CO-CHAIR LEDOUX announced that the final order of business would be HOUSE BILL NO. 102, "An Act relating to rental vehicles; relating to vehicle rental networks; relating to liability for vehicle rental taxes; and providing for an effective date."

CO-CHAIR LEDOUX reminded committee members that public testimony was left open from the bill's previous hearing.

The committee took a brief at-ease.

[3:51:15 PM](#)

BRIAN ROTHERY, Government and Public Affairs Vice President, Enterprise Holdings, informed the committee that Enterprise Holdings is a privately held, family owned company that operates the Enterprise, National, and Alamo car rental brands. He gave a brief background on Enterprise's history in Alaska, adding that in 2018 they generated more than 5.8 million dollars in tax revenue to the state of Alaska. He expressed support for HB 102, adding that enacting fair rules will result in greater choice for consumers; more competition within the industry; and allow private car owners the ability to make extra money. He opined that rules should be clear and fair for customers and service providers alike. He suggested that all for-profit companies competing for the same demand using the same supply should be treated the same under the law.

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REPRESENTATIVE FIELDS asked how many car rental companies currently exist in Alaska.

MR. ROTHERY approximated more than a dozen.

REPRESENTATIVE FIELDS questioned whether larger car rental companies are looking at digital platforms to rent their vehicles.

MR. ROTHERY affirmed that. He said Enterprise Holdings views this as a new source of supply in an existing market; nonetheless, it is still car rental. He added that the digital platform is an opportunity to get cars into the hands of customers in an efficient way.

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CO-CHAIR WOOL touched on car rental competition, asking if there is any research on the peer-to-peer market and their pricing structure.

MR. ROTHERY noted that it would be inappropriate to answer in specifics. Nonetheless, he indicated that the internet allows companies the ability to monitor their competition in terms of prices offered to customers. He stated that Enterprise Holdings looks at all rental transactions regardless of service provider.

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REPRESENTATIVE FIELDS mentioned that he had received approximately 40 letters of opposition to HB 102 that appeared to be generated by an email blast. He asked who wrote the letters and how they were generated.

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MICHELLE FANG, Chief Legal Officer, Turo, stated that Turo notified their community about HB 102 and communicated the company's opposition to the bill. They invited people to "engage in the democratic process" by contacting their state representative to let them know their opinion on HB 102. She alleged that each person drafted their own email and were offered "talking points" to include that were based on the company's reaction to HB 102.

REPRESENTATIVE FIELDS read several of the "talking points" that appeared in many of the emails. He asked Ms. Fang how she could feel comfortable disseminating false talking points that question the integrity of the legislature. He pointed out that this is the third public hearing for HB 102, adding that it is inaccurate to say this bill "is being pushed through with little to no public hearings" - a statement that repeatedly appeared in the emails.

MS. FANG contended that she was disconcerted with the "mischaracterization" of what transpired. She said that she was "very comfortable" advising their community about the company's opinion towards the current bill, adding that it behooves them to inform people of laws that will affect the peer-to-peer car sharing communities - especially when the industry hasn't been included in the conversation. She maintained that the [emails] were not drafted by Turo and that each person chose what they wanted to include in the message.

4:10:44 PM

CO-CHAIR WOOL asked how many people share their cars on Turo's platform in Alaska.

MS. FANG replied that there are approximately 700 users that have listed their cars in Alaska, which doesn't account for those who have de-listed their cars. She estimated that the actual number of active users in Alaska is most likely around 300-400.

CO-CHAIR WOOL said he finds it interesting that there is no clear answer as to how many people rent their car out on Turo in a month or a year. He sought clarification on the insurance that Turo provides.

MS. FANG stated that Liberty Mutual provides third-party liability insurance, which covers all trips that take place in Alaska. She explained that car owner hosts who share their vehicles automatically receive one million dollars in third-party liability coverage, while the guests who book cars receive the state-mandated minimum with the choice to upgrade their protection package.

CO-CHAIR WOOL asked if that is comparable to renting a car from Enterprise.

MS. FANG countered that it's "slightly dissimilar." She offered her understanding that rental car companies don't always automatically provide insurance in many states.

CO-CHAIR WOOL questioned whether Turo should be obligated to pay municipal or state taxes like Airbnb does in Alaska.

MS. FANG offered that Turo does not oppose a fair and balanced tax structure for peer-to-peer car sharing companies that is on par with what the transportation network companies (TNCs).

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CO-CHAIR WOOL pointed out that the ride-sharing bill [HB 132] implemented a tax-structure for TNCs to pay local sales taxes. He noted that this is comparable to what HB 102 attempts to establish for peer-to-peer car companies, except they would be paying the state car rental tax.

MS. FANG reiterated that Turo is committed to working with the legislature to create regulations for the peer-to-peer car sharing industry in Alaska. She argued that by treating TNCs differently than Taxis, and Airbnb differently than hotels there is an acknowledgment that each unique industry should have their own tax model, regulations, and insurance requirements in this state. She reiterated that they oppose HB 102 because it regulates peer-to-peer car sharing as if it were the car rental industry.

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REPRESENTATIVE HANNAN asked for the tax rate on peer-to-peer car Sharing in the state of Maryland.

MS. FANG offered her understanding that it is approximately 8.5 percent for peer-to-peer car sharing and 11 percent for car rental companies, adding that the two industries are regulated differently.

REPRESENTATIVE HANNAN asked if there is a verification process for [hosts] to prove that their cars are legally compliant with state law at the time the car is shared.

MS. FANG related that they have a general set of rules not specific to any one state that say all cars must be registered and licensed to drive. She maintained that they would be happy to have a conversation about the correct safety requirements to regulate peer-to-peer car sharing in Alaska.

REPRESENTATIVE HANNAN questioned whether Turo has a limit on the amount of days a vehicle can be shared.

MS. FANG replied that they do not create a limit for their customers, adding that 96 percent of hosts in Alaska share two or fewer cars and most customers are not listing them 365 days a year.

REPRESENTATIVE HANNAN asked for the average number of days a host shares their vehicle in Alaska.

MS. FANG answered, "significantly less than 180 days." She further noted that the average trip in Alaska is 5.5 days.

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CO-CHAIR LEDOUX sought clarification on whether Turo's one million dollars of liability insurance offered by Liberty Mutual covers the [car owner] or the driver.

MS. FANG explained that during the reservation period, Liberty Mutual provides insurance for three people: one million dollars for the car owner in third-party liability coverage; state minimums up to one million dollars for the driver and an option to upgrade the protection package; and one million dollars to Turo in case they are sued.

CO-CHAIR LEDOUX surmised that Turo is providing liability coverage of 50,000 to 100,000 dollars for the driver, which is the state mandated amount, unless the driver has his or her own policy. She asked if that was correct.

MS. FANG answered, "only sometimes." She continued by saying that the state's mandated insurance amount is automatically included for the driver, adding that he or she can choose to upgrade the protection package to the million-dollar option.

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CO-CHAIR WOOL asked why a driver should be exempt from paying the 10 percent rental tax to the state of Alaska regardless of whether they rented from a bricks-and-mortar facility or they used a car sharing app. He asked why Turo should be treated differently than other car rental companies.

MS. FANG restated that they are not opposed to taxation on peer-to-peer car sharing.

CO-CHAIR WOOL interjected, asking why [peer-to-peer companies] should get a special rate.

MS. FANG said in the state of Alaska rental cars are taxed at 10 percent, RVs are taxed at 3 percent, and TNCs are taxed locally at different percentage rates. She remarked that there are different taxes for different industries, and they would like to discuss the appropriate tax for the [peer-to-peer car sharing] industry. She further alleged that rental car companies are charging customers in Alaska for their own vehicle licensing fees (VLFs) and after recouping those costs continue to charge the same fees and pocket the difference. She added that when cars are shared there are fewer cars manufactured, less greenhouse gases, and lower oil consumption, which is a "net good" for Alaska.

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REPRESENTATIVE STUTES sought clarification on whether the [guest] pays Turo or the individual sharing the car.

MS. FANG replied that Turo processes the payment and takes out their own fees while remitting the bulk, typically 70 percent, to the host.

MS. FANG, in a follow-up question from Representative Stutes, addressed her assertion that the rental car companies are taking advantage of Alaskans by charging them to pay for their VLFs and then, once recouped, profiting off it.

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REPRESENTATIVE FIELDS asked Mr. Rothery to speak on the VLF allegation.

[4:45:18 PM](#)

MR. ROTHERY acknowledged that Enterprise is permitted by Alaska law to charge a VLF, which is 1.13 dollars per day, in attempt to recover costs that incur each year. He rejected the notion that car rental companies are using that fee as a profit center, adding that he would be happy to substantiate that through numbers. He stated that the entire amount of all fees are disclosed to their customers upfront and the suggestion that they are recovering their money the first third of the year and then profiting the second two-thirds of the year is "blatantly false and frankly, inappropriate for a chief legal officer of a company to suggest on a sort of hypothetical basis that this is occurring without any evidence."

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CO-CHAIR LEDOUX asked how much the state of Alaska charges for vehicle licensing.

MR. ROTHERY explained that 1.13 dollars per day was arrived at by taking the total costs incurred in getting a vehicle road ready that are paid to a state agency or entity. He said they spread the total cost over the anticipated number of rental days for that particular vehicle.

CO-CHAIR LEDOUX sought clarification on whether the intent of the fee is to reimburse the amount that it costs to license each vehicle. She asked if maintenance fees are included.

MR. ROTHERY answered no. He said the litmus test for applicable fees for this type of recovery are limited to those fees paid to a state agency that relate to the operation of the vehicle. He asserted that under no circumstance is this a profit center for Enterprise Rent-A-Car.

CO-CHAIR LEDOUX asked how much Alaska charges in licensing fees.

MR. ROTHERY replied that he was not prepared to answer that question; however, he would follow up with the answer by the following day.

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REPRESENTATIVE STUTES questioned whether 1.13 dollars per day is a standard rate or if it changes for each vehicle.

MR. ROTHERY stated that it is an average of all vehicle classes across the entire fleet. He added that the rate is periodically revisited throughout the year to ensure that the anticipated number of rental days remains accurate and that they are not over collecting.

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REPRESENTATIVE HANNAN asked what earnings Turo is obligated to report to the federal government.

MS. FANG said a 1099-K.

MS. FANG, in a follow-up question from Representative Hannan, stated that Turo complies with all the requirements of the 1099-K under federal law.

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CO-CHAIR WOOL asked if Alaskans can share their RVs on Turo.

MS. FANG answered no.

CO-CHAIR WOOL said he is interested in finding out how many cars have been rented through Turo in Alaska over the past year and how many drivers there are. He mentioned a woman in Fairbanks who bought her third car to share on Turo, none of which is the car she drives regularly for personal use. He asked Mr. Rothery how many rental cars Enterprise has in Alaska.

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MR. ROTHERY said 1900.

[4:59:57 PM](#)

REPRESENTATIVE FIELDS reiterated his request for information from Mr. Wilson who testified on behalf of Turo at the previous bill hearing for HB 102.

MS. FANG replied that Turo is a private company and is not at liberty to disclose the answers to all the questions that were posed to Mr. Wilson. Nonetheless, she offered the following: 96 percent of Alaska hosts share two or fewer vehicles; there have been just over 27,000 sharing days in Alaska; last month, nearly 70 percent of the trips were in-state; and the average Alaska host earns about 300 dollars per month.

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REPRESENTATIVE FIELDS asked how much Turo's market capitalization is and how much the company is worth.

MS. FANG pointed out that a market cap doesn't exist for private companies.

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CO-CHAIR LEDOUX closed public testimony.

[HB 102 was held over.]

[5:03:27 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [5:03] p.m.