

Honolulu, Hawaii

MAR 06 2015

RE: S.B. No. 1280  
S.D. 2

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1280, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION NETWORK COMPANIES,"

begs leave to report as follows:

The purpose and intent of this measure is to require the Public Utilities Commission to regulate transportation network companies and transportation network company drivers.

Additionally, this measure establishes motor vehicle insurance requirements for the transportation network company industry.

Your Committee received written comments in support of this measure from the Government Employees Insurance Company, Liberty Mutual Insurance, the Property Casualty Insurers Association of America, State Farm Mutual Automobile Insurance Company, and United Services Automobile Association. Written comments in opposition to this measure were received from Uber Technologies. Written comments on the measure were received from the Public Utilities Commission, Hawaii Insurers Council, and Grassroots Institute of Hawaii.

Your Committee finds that this measure closes motor vehicle insurance gaps for transportation network companies, which basically provide commercial ridesharing services. Furthermore, it protects Hawaii drivers from subsidizing the insurance costs of



transportation network companies by clearly specifying that personal motor vehicle insurance policies do not cover the commercial activities of these companies.

Nonetheless, your Committee notes that concerns were raised over section -8, Hawaii Revised Statutes, established in section 1 of the measure, which sets forth insurance requirements for transportation network companies and transportation network company drivers. Accordingly, your Committee requests that as this measure crosses over to the House of Representatives, subsequent Standing Committees that hear this measure examine whether the insurance requirements need to be amended to prevent occurrences of electronic application abuses aimed at circumventing insurance requirements, such as by turning off the software application service while operating as a transportation network company driver.

Your Committee has amended this measure by:

- (1) Deleting the definition and uses of the term "transportation network company service"; consolidating its use in the measure with that of the term "transportation network company activity"; and making conforming amendments throughout the measure;
- (2) Changing the annual permit fee for transportation network companies to an unspecified amount;
- (3) Authorizing the Public Utilities Commission to use the rulemaking process to adjust the statutorily-established amount of the annual permit fee;
- (4) Appropriating funds to the Public Utilities Commission for fiscal year 2015-2016 to implement this measure. Your Committee has appropriated general funds for this purpose. Your Committee intends that from fiscal year 2015-2016, the permit fees collected from transportation network companies shall fund the entire operation of the regulatory program; and
- (5) Changing the effective date to July 1, 2053, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your



Committee is in accord with the intent and purpose of S.B. No. 1280, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1280, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,




---

JILL N. TOKUDA, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB1280 SD1	CPN/TRA, WAM	3/5/15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood				✓
HARIMOTO, Breene	✓			
INOUE, Lorraine R.				✓
RIVIERE, Gil	✓			
RUDERMAN, Russell E.	✓			
SLOM, Sam				✓
<b>TOTAL</b>	6	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes