The Committee on Transportation and Telecommunications met at 1:30 p.m. on Monday, March 2, 2015, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB629 and LB399. Senators present: Jim Smith, Chairperson; Lydia Brasch, Vice Chairperson; Al Davis; Curt Friesen; Tommy Garrett; Beau McCoy; John Murante; and Les Seiler. Senators absent: None.

SENATOR SMITH: Good afternoon and welcome to the Transportation and Telecommunications Committee hearing. I am Jim Smith from Papillion and I'm Chair of the committee. A few of my colleagues are late arriving at the committee hearing, some may be introducing other bills. But I'm going to go ahead and make an introduction of committee. Once he arrives on the far left will be Senator Tommy Garrett...and there he is right there, Senator Garrett from Bellevue. And joining Senator Garrett, sitting next to him will be Senator Les Seiler from Hastings. And we have Senator Beau McCoy from Omaha. To the far right is Senator Curt Friesen from Henderson, Nebraska. Senator Al Davis will be joining us here shortly. And we have Senator John Murante. And then we have the Vice Chair of the Committee, Senator Lydia Brasch from Bancroft. Committee staff with me on my immediate right is Mike Hybl, legal counsel to the committee. And to my left is Paul Henderson, committee clerk. Pages with us today, we have J.T. Beck from Centreville, Virginia. J.T. is a senior at UNL. And Kelli Bowlin from Cody, Nebraska. Kelli is a junior at UNL. We will be hearing the two bills in order listed on the agenda. Those wishing to testify on a bill should come to the front of the room and be ready to testify in order to keep the hearing moving. If you are testifying, please complete the sign-in sheet so it is ready to hand in to one of our pages when you approach the testifier table. And also for the record at the beginning of your testimony, please state and spell your name. Keep your testimony as concise as possible and please attempt not to repeat what has already been covered. We will be using the light system on the bills. So we're going to use a five-minute time limit. The first four minutes you'll have a green light. After that it will turn to an amber color, you have one minute.
And then once it turns red, if you have not concluded your testimony we ask that you try to wrap it up at that point. Both of these bills that we're hearing today are related. I do not expect, necessarily, that just because you're testifying in support of one bill, you're going to testify in support of the other, or the same with opposition. But if you do want to make reference to your testimony from the first hearing, you can do so in the second hearing if you're repeating the same testimony. If you do not wish to testify today, but want to voice your support or opposition to a bill, you can indicate so on the sheet provided on the table as you entered the room. This will be part of the official record of the hearing. If you do not choose to testify, you may submit comments in writing and have them read into the official record. We ask that you silence your cell phones. We are an electronics-equipped committee and information is provided electronically, as well as in paper form to committee members. Therefore, you may see committee members referencing information on their electronic devices. Please be assured that your presence here today and your testimony are important to us and it is critical to the operation of our state government. We appreciate your presence here very much. And with that we're going to begin with a hearing on our first bill, LB629. And we invite Senator Mello to introduce and open on LB629. Welcome, Senator Mello.

SENATOR MELLO: (Exhibits 1-4) Good afternoon, Chairman Smith, members of the Transportation and Telecommunications Committee. My name is Heath Mello, H-e-a-t-h M-e-l-l-o, and I represent the 5th Legislative District in south Omaha. I'm here today to introduce LB629, the legislative bill that provides a responsible regulatory frame work for transportation network companies, better known as TNCs to operate lawfully in the state of Nebraska. In 2009, a San Francisco-based company was formed to try to solve transportation problems in the city by taking advantage of the rapid development of cell phone technology. By the beginning of 2012, Uber services had spread to New York City, Chicago, Seattle, Boston, and Washington, D.C. Later that year, Lyft began operating also in San Francisco. Currently, TNCs operate in over 150 cities across the United States and recently began operating in the cities of Omaha and Lincoln. The TNC business model has grown from initial concept testing in one or two cities to a
major economic development tool used by many metropolitan areas. A TNC generally falls somewhere on the spectrum between carpooling and ride sharing and a traditional taxi cab company. TNCs do not hire drivers or own vehicles. Instead, they rely on private individuals operating their personal vehicles to provide rides with a mobile app facilitating the transaction. The rapid expansion of this unique business model has proven to be a challenge for states and municipalities across the country. The basic issue facing states where companies like Lyft and Uber have started operating is how to fit these new technologies into existing regulatory frameworks. In Nebraska, we have statutes dealing with ride sharing, but they only address car pool situations and were last updated in 1981. Similarly, the last major update to the motor carrier statutes was in 1995. And the Public Service Commission has not updated their motor carrier regulations since 1994, before smartphone technology even existed. While some states regulate transportation carriers at the municipal level, common carriers in Nebraska are exclusively regulated at the state level by the Nebraska Public Service Commission. The motor vehicle carrier statutes give the Public Service Commission the authority to establish new classifications of carriers under Statute 75-304, but they cannot go beyond the existing statutory language. Therefore, Nebraska’s current regulatory framework is inadequate when it comes to transportation network companies. LB629 will create a regulatory framework for TNCs as a new classification of transportation service provider under the Public Service Commission. Regardless of how these companies have entered into our market, it’s clear that they do not fit under our current common carrier regulations and new legislation will need to be passed. Throughout the past several months, my office has been working diligently with Uber, Lyft, various taxi companies from Omaha and Lincoln, specifically Happy Cab; representatives from the insurance industry and the Public Service Commission to lay out a regulatory framework for TNCs to operate in Nebraska. This regulatory framework ensures the protection of the public, including appropriate insurance requirements, requiring background checks on drivers, vehicle inspections by a certified mechanic, and gives the Public Service Commission proper authority to oversee the operation of TNCs in Nebraska. Even though there was not a unanimous consent among all the interested parties on every
section of the bill, I do personally want to thank everyone involved in our process of crafting LB629. There has been several negotiated compromises since LB629 was introduced, therefore, I brought AM618 for the committee to consider. AM618 strikes the green copy of LB625(sic) and replaced with many changes that have been agreed upon in these past few months. To assist the committee, I've provided...or my office has provided the pages to give you a chart that lays out the changes that AM618 makes to LB629. While we worked diligently to address many of the concerns and technical changes that the Public Service Commission brought to our attention with the amended version of LB629 through AM618, we're unable to finalize additional technical language with the PSC prior to giving you the amendment today. My office has informed the Public Service Commission that we will provide the committee as soon as possible with the new draft of the amendment that incorporates all the Public Service Commission's changes. Testifiers here today will speak on the specifics of how TNCs work, how they fit into the new regulations laid out in the white copy, I should say, of LB625 (sic). Undoubtedly, there will be testifiers here in opposition of LB629, as well as the general concepts of TNCs operating in Nebraska. But I want to assure the committee that my office has worked tirelessly to bring as many interested parties to the table in drafting a responsible regulatory framework. It's sufficient to say that TNCs have permanently changed our transportation industry in Nebraska. LB629 shows that Nebraska is friendly to innovation, open to new technology, while putting in place responsible regulations to protect consumers and the public at large. Thank you for your time and I'd be happy to answer any questions you may have. [LB629]

SENATOR SMITH: Thank you, Senator Mello. Do we have questions from the committee for Senator Mello? Senator Mello, I assume you have quite a few folks following you... [LB629]

SENATOR MELLO: Yes. [LB629]

SENATOR SMITH: ...that will have expert testimony. [LB629]
SENATOR MELLO: Yes. [LB629]

SENATOR SMITH: Will you be around to close? [LB629]

SENATOR MELLO: I will, but depending on how long your testimony is, I may waive closing. [LB629]

SENATOR SMITH: Okay. [LB629]

SENATOR MELLO: But I'll be here as long as long as I can. [LB629]

SENATOR SMITH: Thank you. We now will move to proponents, those wishing to testify in support of LB629. Proponents. Welcome. [LB629]

DAVE BARMORE: (Exhibits 5 and 6) Good afternoon, Chairman Smith and members of the senate Transportation Committee. My name is Dave Barmore, D-a-v-e B-a-r-m-o-r-e and I'm with Uber's public policy team. Thank you for allowing me the opportunity to speak with you all today on the important issue of ride sharing. Being a native Cornhusker, I've seen first hand in many deficiencies of our existing transportation options throughout the state. And I assure you that ride sharing industry strives to meet that demand in providing consumers with a safe and reliable option at the push of a button. Uber, quite simply, is a technology company that has revolutionized the way that people are able to get around their communities. We are now connecting riders and drivers in over 280 cities and 54 countries around the globe. As we're a relatively young company, we're just now starting to see the ways in which we're impacting the cities in which we operate. In cities such as Pittsburgh and Seattle, we're finding that the DUI arrest rates are declining as much as 10 percent. We're also finding that in cities like Chicago, 4 out of every 10 trips either start or end in what the city has defined as an under-served neighborhood. I want you all to know that we're not anti-regulation. We're
for smart regulation that takes into account business and new technology. My team at Uber is working with state legislators from coast to coast as more than 30 different state legislatures are having the same conversations as you all are in how they should regulate these new job-creating technologies such as transportation network companies or TNCs. We're encouraged that Senator Mello has taken on this initiative of finding a permanent home for ride sharing in Nebraska and we look forward to continuing to work with both Senator Mello and members of this committee on making sure that this bill is in the best interest for riders and drivers in the state. I want to take some time now to discuss an issue that is absolutely paramount that ensuring that we are providing the safest rides on the road and that is the subject of insurance. As it's currently written, this bill would ensure that the TNC provide liability insurance up to $500,000 that is expressly primary during the time that a trip is taking place. For the period of time where a driver has the application on but is not conducting a trip, or more simply known as what's Period 1, to make it simple for conversation today, Uber also would be responsible for providing primary liability coverage during that time. I think it's important to note that what we're seeing take place all around the country is that there are new innovative policies being created by personal insurers that can be bought and sold in the marketplace that cover the partner driver during this Period 1 time. And this is taking place just the most recently in Texas last week, Colorado, California, Illinois, and these are new products that the insurance marketplace are...they're being created. So finally, the legislation would also require the TNC provide uninsured and underinsured coverage that meets the Nebraska statutory requirements. On the subject of comprehensive and collision coverage, Uber voluntarily provides this coverage during the time that a trip is taking place, that is primary to the driver's personal auto policy. We're opposed to having this coverage codified as this is not an issue of public safety, evidenced by a fact that it is not required in any state to have this kind of coverage on any kind of motor vehicle. Rather, this is something that should be left to the insurers to develop (inaudible) to be bought and sold in the marketplace, much like they're doing all over the country, as I described in Texas and in Illinois. There's also language in the bill that would require TNCs to disclose all the coverage that it provides to its partner
drivers. And we hope that the language can also state that it will be...the driver's personal policy may or may not apply during that time as well. Lastly, there's also language that clarifies that personal insurers can seek to exclude whatever coverage they desire through the standard exclusionary process. And any attempt to limit the kind of coverages that's currently available throughout the existing or future policies, the statute would create consumer protection issues and issues of contractual fairness. At Uber we take driver and rider safety with the utmost sincerity. And this bill would codify many of the business practices that companies like Uber already do in terms of requiring criminal background checks on all the drivers that go back a total of seven years. The TNC would also have to crosscheck the drivers with the national sex offender database and driver history reports as well. In closing, I want you all to know that we look forward to continuing to work with Senator Mello and members of this committee on finding a permanent home for services like Uber in Nebraska. I truly do believe that we're able to coexist with existing transportation options and that consumer choice and competition is good for the marketplace. I'd be happy to answer any questions you might have at this time. [LB629]

SENATOR SMITH: Thank you, Mr. Barmore. Do we have questions from the committee? Mr. Barmore, you were talking about insurance, I do have some questions for you along those lines. So does the TNC insurance policy in the bill require comprehensive and collision coverage? [LB629]

DAVE BARMORE: It does not. [LB629]

SENATOR SMITH: It does not. Okay. How does...how are the interests of the lienholder on the motor vehicle that is being used for the transport, how is that being protected? [LB629]

DAVE BARMORE: So, I believe there is language in there that states that the driver would have to notify the bank if there is a lien upon the vehicle and that it's on the driver
to reach out to the bank to make sure that the bank is notified that they're on the TNC platform. [LB629]

SENATOR SMITH: Okay. And then my understanding is that the bill specifies that there may...that there may not be a noncompete in place. So in that particular case, a person providing a driver may be...they may have multiple TNC companies that they are working on behalf. And they may have multiple applications open. Can you step me through how the insurance will work in that particular case if there is an accident in which it is a for-fault accident and you have multiple applications open? [LB629]

DAVE BARMORE: Right. So as I mentioned, Uber's primary million-dollar policy is in effect from the moment that the rider and driver are matched through the application. So the minute the driver accepts the request through our technology, that million-dollar policy is in place. If any incident were to occur during that point in time, the claim would be filed with our insurer and it would be covered up to $1 million...or I'm sorry, $500,000, as prescribed in this bill in liability coverage. You know, as it's currently in place, with the language...for the Period 1 time, both the TNC would have coverage that could apply. The driver would also have a policy. And the language allows that there's either/or...either of those policies could apply, or a combination of both during that period. [LB629]

SENATOR SMITH: All right. Senator Friesen. [LB629]

SENATOR FRIESEN: Thank you, Chairman Smith. If I...can you clarify, is there...is there any point in time when the customers...or the driver's insurance does not apply? Is there any point in time at all? [LB629]

DAVE BARMORE: So, it's important to note that in every personal auto policy there is a livery exclusion. It's all different. The language of that exclusion is different dependent on the policy, there's no standard language that's used. So usually this exclusion will
state that the driver cannot be conducting passengers for a fare. So that is why Uber provides that million-dollar policy that's in place from the moment the rider and driver are matched to the moment they reach the destination. And that's primary; so there's no question that the personal policy would apply during that time. What we're finding in practice is that, you know, the personal exclusions don't account for this period of time or the app is simply open. So that's what we're finding in practice. The personal policies are applying for that period of time. But, like I said, the way the language is written in this amendment, it would require that there is a primary policy on behalf of Uber and the driver and, like I said, the way they can apply is through either of those policies or a combination of those during that Period 1 time. [LB629]

SENATOR FRIESEN: Okay. Because I'm...from my standpoint, I mean, when I look at the rural parts of the state, where you may not have a lot of customers, I can see a driver opening up his app, but still sitting in the coffee shop. So at that point when he is sitting there and the app is open, he has not accepted a ride from anybody yet, or not accepted the offer, I take it his personal insurance would be in place at that point. [LB629]

DAVE BARMORE: That is what we're finding. But, you know, this is an evolving marketplace. Like I said, there are these new policies being created. Now, insurers such as USAA, the state of Texas hasn't even introduced a statewide bill regulating TNCs, USAA went out and already offered this policy that can be bought by TNC drivers in the marketplace. They're not even waiting for legislatures to act. They're offering these policies as recent as last week in Texas. [LB629]

SENATOR FRIESEN: So in your contracts with the driver, is it very clear, does it spell out all these times that their policy must remain in effect, is that in plain language that they can understand? [LB629]

DAVE BARMORE: So there is a notification requirement in the amendment that would
require the TNC to disclose to the driver of all coverage that Uber has. And then, you know, there is language that we would be amenable to that would require the TNC to say that the driver's personal policy may or may not apply. So to be up front with the driver and letting them know what risk they could be getting into and they need to make an informed decision based on that information. But like I said, this is all being resolved through the marketplace and these new policies are coming out so this won't have to take place anymore. [LB629]

SENATOR FRIESEN: Okay. Thank you. [LB629]

SENATOR SMITH: Senator Brasch. [LB629]

SENATOR BRASCH: Thank you, Chairman Smith. And thank you, Mr. Barmore, for your testimony. Am I hearing you go back and forth between a million dollars and $500,000? [LB629]

DAVE BARMORE: I'm sorry. So the company practice is a million dollars. But in the amendment, it requires $500,000 to be in alignment with what is required of taxicabs in Nebraska. So as of right now, our current business practice is, like I said, a million dollars. But this bill would require any TNC just to provide $500,000. So I apologize for the back and forth. [LB629]

SENATOR BRASCH: Okay. That's not a problem. So in Nebraska, it's $500,000 and your other states it's a million? [LB629]

DAVE BARMORE: Yes, most consistent we've seen is a million dollars. [LB629]

SENATOR BRASCH: Okay. And then explain to me, your drivers, they use...it's a franchise, correct? They're using your app; they're under your companies umbrella? Everything is logged; all the bookkeeping goes through you. With certain criteria in the
bill, what you require, and then did you say you have a person that inspects the vehicles to say they are as you’re hoping they are? There are assurances that a person is entering into a vehicle that has had it’s brakes checked and regular maintenance and...

[LB629]

DAVE BARMORE: It's a great question. So I'll start with the initial one that you posed. Uber is the platform that is connecting the riders and drivers. So if a potential driver were to come onto the platform, they sign up via our Web site and that begins a series of background checks that we conduct on the drivers. And then quite simply, if they pass all those checks, what they do is they are then given our software via the application that they download on their phone. They're independent contractors. So the beauty of the system now is that they can do as much or as little on the platform as they choose. I think we have a rich diversity in the types of drivers. Some may be looking at this as purely a part-time opportunity, where others might be looking at this more as a sole source of income before they find, maybe, full employment elsewhere. So I think you have that vast difference in the types of drivers, and that's why I think we want to ensure that the barriers to entry, to coming onto the platform are low, given the fact that these are, predominantly, part-time drivers. In terms of vehicle inspections, I believe the language as stated would require that the driver have a certified mechanic conduct an inspection on the vehicle before beginning...before conducting trips. And they have to go to an ASE-certified mechanic and have that inspection done. And then the TNC has that form that the driver fills out on record. [LB629]

SENATOR BRASCH: And is that an annual renewal? How often do they renew the contract or...? [LB629]

DAVE BARMORE: So the company...the standard right now is that it's an annual process after that. But I think it's important to note that with our rating system that we have in place where drivers and riders have the ability to rate one another. And this, truly, is an unprecedented level of transparency and accountability for ground
transportation where now, you know, as a consumer you had the ability to, after every trip, rate the experience that you had. And that is a way you can provide input, feedback, if there was something noticeably, you know, deficient with the car, you could write that in. And we have staff that closely monitors that and takes that very seriously. And that's a way that if we find that a certain driver, over a period of time, is providing that low-level service, we have staff that will reach out to the driver to see what the situation is. If they don't improve their performance, they could be deactivated from the platform. So, it's ultimately just to ensure that we're providing the best service that we can through our drivers, our driver-partners and our riders in that both drivers and riders are having the best experience possible on the app. [LB629]

SENATOR BRASCH: Very good. Thank you. I have no other questions. [LB629]

SENATOR SMITH: Senator Davis. [LB629]

SENATOR DAVIS: Just a couple of questions for clarification, but with the first one, so you said these are independent contractors. Do you have to send them a 1099? [LB629]

DAVE BARMORE: We do, yes. [LB629]

SENATOR DAVIS: And does that...then would that thing go to the state of Nebraska too, a copy of that? [LB629]

DAVE BARMORE: Yes. [LB629]

SENATOR DAVIS: That's the way it works. So, in talking about this insurance a little bit, your company is going to put in some insurance in place for the people while they're waiting for the app, is that correct? [LB629]
DAVE BARMORE: So, we...yeah, we already have a policy, as company standard across the country, we have a contingent policy in place so that if for whatever reason the driver's personal auto policy does not apply during that Period 1 time, we have coverage in place. So there are no gaps; there are no drivers or riders that are left uninsured. There's always that policy in place. I think...the language we have here is that the TNC provides coverage during that Period 1 time and the drivers also have their policy and how it could apply is either of those policies or a combination of both for that Period 1 time. [LB629]

SENATOR DAVIS: Has this ever been...and I think I might have visited with you this morning, but has this ever been adjudicated? [LB629]

DAVE BARMORE: To my knowledge, yes, there's been no declaratory judgment that's been made and the system in place is working. [LB629]

SENATOR DAVIS: But we really aren't going to know that until we end up in court sometime, right? [LB629]

DAVE BARMORE: Right. [LB629]

SENATOR DAVIS: Okay. So if a...just a hypothetical situation here, but we'll say that the driver has his app open and he's waiting, and he is run into by someone without insurance. Your insurance is going to cover the injuries to that driver? [LB629]

DAVE BARMORE: So we also, like I described, we have that underinsured and uninsured motorist coverage that meets the statutory requirements as prescribed in state statute for Nebraska. [LB629]

SENATOR DAVIS: Which is? [LB629]
DAVE BARMORE: I'll have to check again. I'm unsure as to what those limits are. But I know...I think...I believe the language ties it directly to that statute so it says it will provide coverage that meets those standards as set forth. [LB629]

SENATOR DAVIS: The minimum standards? [LB629]

DAVE BARMORE: Yes. [LB629]

SENATOR DAVIS: Okay, thank you. [LB629]

SENATOR SEILER: I was going to ask the same question. [LB629]

SENATOR SMITH: Mr. Barmore, going back to the question that you gave me an answer on the lienholder situation, so the driver must notify the bank, if you would, that they are working as a driver. In your process of preparing that driver with background and everything else, do you get a verification from any lienholder or not? You just don't consider that your business. [LB629]

DAVE BARMORE: I don't believe so, no. I mean, as the platform between the rider and driver, we need to make sure that the rider knows fully the risks that are in place and that they should know to reach out to the proper parties. [LB629]

DAVE BARMORE: No, I believe, like I said, the language just states that we would notify the drivers that if there is a lien against the vehicle they need to notify the banks that they have the lien with. [LB629]

SENATOR SMITH: Do you inquire at any time as to whether there's a lienholder involved? [LB629]

DAVE BARMORE: All right. Now you're familiar with the Nebraska definition of common
carrier. In your interpretation, is the TNC activity common carriage? [LB629]

DAVE BARMORE: So I think, you know, as Senator Mello described, all over the country we're looking as how to place this new kind of business model into existing regulations, and so what we have now are personal vehicles being used for very short and brief amount of times for what could be considered commercial activity. So I think what...the language that we've provided to Senator Mello states that, you know, puts in place a safeguard so that there aren't any unintended consequences with other regulations for common carriers that quite simply wouldn't make sense having to apply to TNCs. So, you know, I think that's what we want to make sure is that, one, the drivers are screened and their background checks, there's proper insurance in place; the vehicles are inspected in good working order. But I think there are a lot of other regulations that are currently placed onto common carriers that just don't...aren't conducive to the fact this is a new kind of technology. [LB629]

SENATOR SMITH: So it sounds like you are interpreting TNCs as common carrier; you're just are seeking some relief from those regulations. [LB629]

DAVE BARMORE: I believe that's the most recent language that there are...there's language in place that would ensure that those regulations that were originally meant for traditional common carriers wouldn't apply to TNCs. [LB629]

SENATOR SMITH: Would you see the TNC itself as being the common carrier in this case? Or would it be the driver and their personally-owned vehicle as the common carrier? [LB629]

DAVE BARMORE: I'll have to look as to how, exactly, you know, common carriers are defined, but, like I said, the TNC is simply the software, the company that is producing software that connects the riders and drivers. The TNC operators, I think, could be argued, potentially, as to whether or not they are more of the...what could fit into the
common carrier definition. [LB629]

SENATOR SMITH: Okay. Senator Seiler. [LB629]

SENATOR SEILER: You were talking about the liability. And you had $500,000 was the liability coverage between the engagement and getting on board. And then you had a million dollars of excess coverage? [LB629]

DAVE BARMORE: No, so... [LB629]

SENATOR SEILER: What's your contract say on this? Take liability first. [LB629]

DAVE BARMORE: So as what's currently... [LB629]

SENATOR SEILER: The driver, what does the driver have required by you? [LB629]

DAVE BARMORE: Have...provided by Uber. [LB629]

SENATOR SEILER: Required by you. Required by you. [LB629]

DAVE BARMORE: Right now or as...what would be prescribed from the bill? [LB629]

SENATOR SEILER: Under the bill. [LB629]

DAVE BARMORE: Under the bill...so it's my understanding, like I said, that the TNC would provide $500,000 during the time that a trip is taken place, during that time where the driver and rider are matched to the point where they reach the destination. So that's $500,000... [LB629]

SENATOR SEILER: Is provided by the driver or by your company? [LB629]
DAVE BARMORE: This is...the TNC provides that commercial coverage. [LB629]

SENATOR SEILER: Okay. [LB629]

DAVE BARMORE: As an umbrella policy that's in place, like I said, from the time the driver and rider are matched to the time they reach the destination. The Period 1 is where we have that policy that the TNC would be responsible for...in addition to the driver's policy and how it can apply through a combination of both of those policies or either one of them. [LB629]

SENATOR SEILER: Okay, so that covers your liability. [LB629]

DAVE BARMORE: Yes. [LB629]

SENATOR SEILER: The liability insurance requirements under Nebraska law is 25/50/25. [LB629]

DAVE BARMORE: So that...yes, sir, that is for personal auto. [LB629]

SENATOR SEILER: Right. And that would be the driver's policy would cover that. [LB629]

DAVE BARMORE: We would require that they show proof of that personal... [LB629]

SENATOR SEILER: What do you have over 50 and 25, which isn't very much, as a company? [LB629]

DAVE BARMORE: Sorry, say that again. [LB629]
SENATOR SEILER: Do you have uninsured motorists and underinsured motorists above the 50 and the 25? [LB629]

DAVE BARMORE: I believe, as it states in the bill, that uninsured and underinsured motorist coverage would be tied to what's required in the statute. [LB629]

SENATOR SEILER: Right, and what I'm saying is, you laid in a million dollars above on liability, but you haven't gone over the 50 and 25, is that right? [LB629]

DAVE BARMORE: I guess I'm unclear. We will be required to provide that uninsured and underinsured motorist coverage. [LB629]

SENATOR SEILER: Right, of 50 and 25. [LB629]

DAVE BARMORE: If that's what's required by... [LB629]

SENATOR SEILER: That's what the statute require. [LB629]

DAVE BARMORE: Okay, yes, then we'll provide that. [LB629]

SENATOR SEILER: But you don't provide anything above that? [LB629]

DAVE BARMORE: We...because...yeah...we...if that's what's required for any vehicle in the state, then that's what we seen...that's what we're having it tied to in statute. [LB629]

SENATOR SEILER: Okay, thank you. [LB629]

SENATOR SMITH: Senator Davis. [LB629]

SENATOR DAVIS: So kind of along that line, I think Senator Seiler and I are sort of on
the same wave length here. So the private individual may have higher rates of underinsured/uninsured motorists in his policy. Yours is 25/50/25. So my question comes down to who's going to be...which insurance company is going to carry the day there? Is it going to be yours and he ends up, you know, with 25/50, or is it going to be the other company that has a higher rate? Is that...that's never been looked at in any state? [LB629]

DAVE BARMORE: So, as it's...it's currently done, we provide...as company practice, we provide...it's up to a million dollars in UI/UM... [LB629]

SENATOR DAVIS: That's when you got...when you've got your passenger. [LB629]

DAVE BARMORE: Right. [LB629]

SENATOR DAVIS: Where talking about the transition period. [LB629]

DAVE BARMORE: Right. So that's when we find that it's...you know, should mirror what is required of the state minimum standard there. [LB629]

SENATOR DAVIS: But my question comes down to whose...if the driver on his personal insurance has some other figure in that category, uninsured/underinsured, higher than the state minimum, you have the state minimum. During the process, since he's got his app on, whose insurance is going to take precedence there? [LB629]

DAVE BARMORE: Right. Like I said... [LB629]

SENATOR DAVIS: And that...and so my question is, has that every gone to court anywhere? [LB629]

DAVE BARMORE: Not to my knowledge. [LB629]
SENATOR DAVIS: Is that, Senator Seiler, is that what you...where you were going? [LB629]

SENATOR SEILER: That's what I was looking for because as I understand it, they've gone above the...$500,000 is above what required of 25 in liability. Now what I was looking for, have you gone above the 50 and the 25 and your answer is no...not for the interim. [LB629]

DAVE BARMORE: No, you’re correct. [LB629]

SENATOR SEILER: But if we get past the interim, I'm a passenger now, and I'm going down the road, and Mike, your driver blows a stop sign and I'm hurt, what 50 and 25 do I have if the uninsured motorist...no, let's say I'm not at fault, your guy is not at fault, the other guy blows a stop sign, so he's at fault, but he doesn't have any insurance. Is the only coverage the 50 and 25 or do you have coverage above that? [LB629]

DAVE BARMORE: During the time it...this is...you said during the full trip... [LB629]

SENATOR SEILER: I'm in the back seat. [LB629]

DAVE BARMORE: Right. So we would have that...during that time...you know, we...the minimum would be the state requirement, like I said. But I believe we would keep that million dollar...we could...we would have to talk about... [LB629]

SENATOR SEILER: But that's liability. [LB629]

DAVE BARMORE: I'm talking about uninsured and underinsured motorists as well. [LB629]
SENATOR SEILER: Oh, it covers all three categories? [LB629]

DAVE BARMORE: Yes. [LB629]

SENATOR SEILER: That was what I was looking for right from the start. [LB629]

DAVE BARMORE: Yes. [LB629]

SENATOR SEILER: Thank you. [LB629]

DAVE BARMORE: Okay. [LB629]

SENATOR SMITH: Senator Brasch. [LB629]

SENATOR BRASCH: Thank you, Chairman Smith. And thank you, Mr. Barmore. One more question, I'm looking at here where...in the amendment it talks about when a participating driver is matched to a passenger, is that when the insurance kicks in, when it matches? Or is it when a passenger physically is in the driver's vehicle? [LB629]

DAVE BARMORE: That's a great question. So that match that we refer to is the moment that the driver accepts the request and begins to be en route to pick them up. So even when the passenger is not in the vehicle, but they've accepted a trip, they're acting to go pick up the passenger and that's in place to the moment of destination. [LB629]

SENATOR BRASCH: So there may not be a passenger in the car yet, it's just when that technology hooks up the...the driver accepts the matched passenger. So from that point on, it's covered under Uber's insurance policy. [LB629]

DAVE BARMORE: Correct. [LB629]
SENATOR BRASCH: Very good. I have no other questions. [LB629]

SENATOR SMITH: Seeing no further questions, thank you, Mr. Barmore. [LB629]

DAVE BARMORE: Great. Thank you very much. [LB629]

SENATOR SMITH: We continue with proponents, those wishing to testify in support of LB629. Welcome. [LB629]

SCOTT HATFIELD: Mr. Chairman, members of the committee, I’m Scott Hatfield, S-c-o-t-t H-a-t-f-i-e-l-d. I’m a business owner from here in Lincoln, specifically own Duffy’s Tavern. I don't see a ton of familiar faces here at the moment. (Laughter) Hopefully soon. [LB629]

SENATOR SMITH: We can convene shortly. [LB629]

SCOTT HATFIELD: Yes, any time we’ll open up, thank you. Senators, this is an issue that’s very important to me. For the past number of years, six years, in fact, Duffy’s and a number of associated businesses downtown in Lincoln have been working hard to find a consistent, safe, and available method to get our customers home and to get patrons in and out of downtown Lincoln. Sadly, I must tell you it has been quite a challenge. A few years ago, I testified before the Public Service Commission and we talked about the need for another cab company in Lincoln. And as you know, the PSC requires that there’s a public need for such a service before they are willing to grant a new license. And after months of Public Service Commission investigations and hearings, the PSC did grant another license to Happy Cab. Happy Cab has done a nice job in Lincoln, but it is far, far from enough. On any given night in Lincoln, at 14th and O, especially on the weekends, you can go outside and between the hours...you know, after 1:00 A.M. and really sometimes as late as 3:30, and you can look and you'll see people scrambling for a ride home. These are not always people that have had too much to drink; and these
are not always people who have some sort of problem that they can't drive, they're just sometime people that want to go out and want to find a ride home. We at Duffy's have live music three nights a week, every week. And we've been doing that for about 25 years. We bring people in from all over the country to see these shows and oftentimes it's really, really hard to get them out. It might be the First Friday Art Walk downtown at the Parrish Building. We're just really people coming downtown to have dinner. The biggest problem that we find is we can't guarantee people that they're going to have a way to get home. Sometimes the waits are over an hour. Sometimes the waits are two hours and, unfortunately, a lot of times I think people decide that after an hour wait maybe they're better off just to go home and hop in their car and drive home. And this is a real problem for us, of course, because it's a public safety issue. It makes our business look bad. And more than that, it's a problem that we can't get people to come downtown because they don't know how they're going to get home. We are subject to a lot of different things in the bar business and one of the things that we do is we train our people to recognize when someone has had too much to drink. And we work really hard at ensuring that when someone has had too much to drink that we cut them off or we don't let them in. This has been going on for a long time. And we do that every day. I would say that over the course of...over the course of a year, we probably deny entry to over a thousand people. And it's hard for us to look our customers in the face and say, you know, we can't serve you, we're going to send you out on the street, but we also can't ensure that you're going to be able to get home. The taxicab situation is a problem and Uber, I think, is a solution that would help all of us. And it's really not that difficult of an issue. And we're hopeful that this body will look upon this really new frontier in the taxicab or transportation industry and look favorably upon it and give the citizens of Nebraska a chance to get home at the end of the night. That's all I have. Open to any questions that you might have. [LB629]

SENATOR SMITH: Thank you, Mr. Hatfield. Do we have questions from the committee? Seeing none, thank you for coming in today, appreciate it. [LB629]
SCOTT HATFIELD: Thank you. [LB629]

SENATOR SMITH: Next proponent, supporter of LB629. Welcome. [LB629]

INGE ROETTCHER: Hello. My name is Inge Roettcher, it's kind of hard to spell; first name is I-n-g-e, last name is R-o-e-t-t-c-h-e-r. And I'm just going to kind of wing it here; I don't have too many notes. To start off with, I'm a daughter, a mother, and a grandmother and I first started driving for Uber as a way to supplement my income and have some flexibility to be able to engage in caretaking issues with my mother and my granddaughter. Before that, I drove for Happy Cab, off and on, for, I would say, about five years. And for the majority of the last 30 years, I've worked in the human service industry with the families in the foster care system and juvenile delinquents. When I would get tired from working with...within the human service system I would do something different, I would take a break and that's how I got started driving with Happy Cab, which I thoroughly enjoyed driving a cab. I love to drive. I love to meet people. I like to make money. I like to joke around with people, talk to people. So it was...that was really up my alley. And to this day, I still have many good friends that drive cabs. And I also have many good friends that work within the cab industry. Since I started driving for Uber, I started driving the first weekend at Uber started in...started operating in Omaha, Nebraska. I'm from Omaha. And that was the weekend that Warren Buffett had his meeting, his convention. And I use my own car. I have the flexibility to work the hours that I choose to work and that I can work. I make decent money. Uber has treated me with respect and they've treated me fairly ever since I started working...ever since I started driving with them. I'm an independent contractor. As an example, last week somebody threw up in my car. I was not happy about it, but Uber compensated me for that. Like I said, I've not had a problem with Uber since I started driving with them. I still get to do what I love to do which is drive and talk to people. And so I'm here in support of Uber and Lyft and other ride-sharing services. In my own personal opinion, I do believe that there is room for all the platforms...there's room for the cab companies, for Uber, for Lyft, and any other ride-sharing service...or any other transportation service...
that chooses to start a business. And I do believe that the competition is good, because it makes us step up our game, and it makes us provide a more professional service to the public. And I've heard nothing but complimentary comments from my customers that ride with me about how much they love Uber and Lyft and any other ride-sharing service that they've ridden with. So I'm here in support of the TNCs. [LB629]

SENATOR SMITH: Thank you, Mr. Roettcher. Do we have questions? Senator Friesen. [LB629]

SENATOR FRIESEN: Thank you, Chairman Smith. As a driver, when you're working, do you...how do you spend your time in between? Are you what they would call trolling around looking for a ride? Or do you park and just wait for somebody to contact you? Or how do you go about the business of...? [LB629]

INGE ROETTCHER: Well, having driven a cab, I know the importance of saving your gas. So I either sit at home, which I live close to the Old Market Area, which is a very lucrative area to drive in; or I park in a parking lot and I just sit there and I wait until I get a ride request and then I accept the request and I go and pick up my customer. [LB629]

SENATOR FRIESEN: So, Basically, you just park when you can and find a spot and you'll have your app on and wait for the ride. [LB629]

INGE ROETTCHER: Right, right, right. [LB629]

SENATOR FRIESEN: Okay, thank you. [LB629]

SENATOR SMITH: Additional questions from the committee? I see none. [LB629]

INGE ROETTCHER: Okay. [LB629]
SENATOR SMITH: Thank you for your testimony today. [LB629]

INGE ROETTCHER: Um-hum. Okay. [LB629]

SENATOR SMITH: We continue with proponents, those wishing to testify in support of LB629. Welcome. [LB629]

ERIC BROWN: (Exhibit 7) Good afternoon committee members and fine legislators of the great state of Nebraska. My name is Eric Brown; it’s E-r-i-c B-r-o-w-n. I’m here as a proponent of LB629, as I am indeed a part-time Lyft-ride provider in the city of Lincoln, Nebraska. When I initially heard about ride-sharing apps such as Lyft and Uber, I was intrigued, and like others, skeptical about the safety of utilizing such a service. I did the research and found that Lyft had gone to great lengths to insure the safety of both the ride provider, and more importantly, the passenger. Further, they make efforts to encourage community, community amongst its ride providers and encourage community spirit between the passengers and the ride providers as well. I made the decision to become a ride provider as undeniably it was a means to make additional money, but more importantly to provide a valuable service at an affordable price. I take pride in the notion that on a Friday and Saturday night I have made sure many riders got home safely after a night of over indulgence and imbibing. Now certainly, and I do not want to dismiss taxicab companies because they do that as well, but they’re not currently meeting the need in the city of Lincoln, Nebraska, on a Friday and Saturday night. TNCs have and will develop an efficient app or mechanism that links a person needing a ride and a ride provider. In the case of Lyft, that is usually within a wait time of 15 to 20 minutes when available. Apart from the efficient app itself, Lyft takes pride in making sure the ride a passenger experiences is a five-star experience. The vehicle is expected to be well maintained, clean, and odor free. The navigation to the destination is to be the most efficient route, the ride provider is to wow the passenger in friendliness and more importantly safety. This is measured by riders providing feedback at the end of every ride and anything less than five stars is essentially a bad rating. That’s another
differentiation between us and current taxicab common carriers. There's no rating system to my knowledge in place that ensures happiness and customer satisfaction on every single ride. I can understand the concern of taxi companies with this emerging technology, this is the same concern that retailers have had with the introduction of Amazon; the same concern that real estate companies have had with Zillow and Trulia; and the same concern that hotel/motel industry has had with Airbnb. Those companies that embrace the technology, take actions to modify their current business model, and understand that they can indeed co-exist with internet and technologically-based companies will indeed thrive. There is no reason why a great local taxi company cannot embrace the technology that TNCs are using and operate locally and statewide more efficiently and with lower overhead. Additionally, have the opportunity to expand nationally with a home base right here in Nebraska. Internet based, peer-to-peer commerce is relevant and LB629 is one example of a means to modify current legislation to allow for its existence while ensuring public safety. I want to thank all of the committee members here today and Senator Mello, as well as his fine fellow legislators that have cosponsored this bill. I eagerly await with hope that this bill will make it through this committee and on to the floor for passage. Thank you for your time and I will gladly answer any questions you many have. [LB629]

SENATOR SMITH: Thank you for your testimony. Do we have questions from the committee? Senator Brasch. [LB629]

SENATOR BRASCH: Thank you, Chairman Smith. And thank you, Mr. Brown, for your testimony. When you mentioned the word "public safety," as a driver, do you feel safe? [LB629]

ERIC BROWN: Oh, absolutely, yes. [LB629]

SENATOR BRASCH: And do the vehicles that you have, it's a personal vehicle where I think the cabs I've been in in the past have always had a glass...something separating
the passenger from the driver and... [LB629]

ERIC BROWN: Right, and, yes, and indeed that's likely for a reason because they are picking up curb side; they're picking up individuals that have not enrolled in the service, have not put a credit card...in our service, indeed, the point you're getting at is safety and one of the things that Lyft and Uber both kind of embrace in their milieu of community is the person can actually sit up front with you. And so, indeed, what you're point at is maybe a safety risk in doing so. [LB629]

SENATOR BRASCH: So do you... [LB629]

ERIC BROWN: Most of the riders with our service have enrolled through Lyft or Uber, through the app, placed their credit card, placed their picture, their Facebook profile is also, potentially, reviewed and available. So there is some safety precautions in place when they enroll in the service. But...and you as the rider have the option to, when you show up and you look at somebody and you say, uh, he looks sketchy, I'm not taking him. You have the opportunity to dismiss the ride and go on. [LB629]

SENATOR BRASCH: And so if I wanted a ride, say, in an hour, do I need to enroll and wait to be accepted on the Uber end or... [LB629]

ERIC BROWN: You would download the app, enter your information, put in your picture, put in your demographic information, and you would have the service. Now you would have to do that before you even requested the ride. And I would hope that you would wait because you're not going to wait an hour, you're going to be 15 minutes and we'll be at your door. [LB629]

SENATOR BRASCH: Okay. Very good. I have no other questions. Thank you. [LB629]

SENATOR SMITH: Senator Davis. [LB629]
SENATOR DAVIS: Thank you, Chairman Smith. Mr. Brown, thank you for coming. Just to...because I'm interested in... [LB629]

ERIC BROWN: We love your interest. [LB629]

SENATOR DAVIS: Are you able to depreciate your vehicle by doing this? [LB629]

ERIC BROWN: As far as the tax on it, I'm not a tax person, I don't even play one on TV, but I would have to consult with my tax person on that indeed. And this would be the first year of doing taxes. We do receive a 1099; we do get the 56 (cent) or 55 cent tax deduction so...and I will have to explore that, because you're absolutely right as far as independent contractor providing services, that's absolutely a possibility. [LB629]

SENATOR DAVIS: So you get the tax...the 56 cent tax reduction for mileage, you mean? [LB629]

ERIC BROWN: Correct. Yeah. So I'm not a tax man, but you're probably right...right down the path. [LB629]

SENATOR DAVIS: Okay. Thank you. [LB629]

SENATOR SMITH: I see no further questions. Thank you, Mr. Brown, for your testimony. [LB629]

ERIC BROWN: Thank you. [LB629]

SENATOR SMITH: We continue with proponents, proponents of LB629. Welcome. [LB629]
TODD SNOVER: Thank you. Good afternoon, my name is Todd Snover and that's T-o-d-d, Snover, S-n-o-v-e-r; I'm from Omaha, Nebraska. First, thank you for the opportunity to share a little about my experience as a driver for both Lyft and Uber. First, I also want to thank Senator Mello for introducing LB629. I began driving for Lyft in June and later added Uber in September. The decision for me was based on the convenience, the flexibility around time of household schedules, and the potential income. Over the time that I've been driving, there are weeks that I did not log on as a driver, and there are other weeks that would be considered a full-time work week of 40-plus hours. The passengers I have encountered come from a wide range of social economic backgrounds. People are often asking me who I drive and there's not one simple answer for that question. My passengers have been visually impaired persons, college students, professionals, service workers, an executive from one of the Fortune 500 companies in Omaha, business travelers, and a wide range of bar and partygoers looking and making the right choice not to drink and drive. I often get a lot of international students from the UNO campus area that due to the cost and requirements do not get driver’s license while they’re studying here at our schools in Nebraska. They rely on public transportation options and ride-share services to get around. One of the favorite parts of being a ride-share driver is meeting the people that are not from our area. I'm an advocate for Omaha and the state of Nebraska sharing with our visitors the places to see, the things to do, the bars and restaurants to visit. We love...excuse me, and I love to direct them to the locally owned establishments that they might not otherwise learn about. The drivers that I know take great pride in the service that they provide passengers and we want to continue that availability to the residents of Nebraska and the visitors to our states and cities. One final thing off the scrip, the people who love our service, they enjoy the convenience of it. The app makes it easy to track where you're driver is. You open it up, you see the proximity to that driver. It follows along the GPS location of that driver. If you request a ride at 2:00 A.M., you're going to have notification, you're going to see on that app, that driver icon, moving across the app that they are en route to pick you up at that time. The cost is attractive to the passengers as well. These are our personal cars, we're driving our personal cars;
we take pride in our ownership of these vehicles. We keep them clean; we keep them maintained because they are our personal vehicles. It is what I drive my wife and my children around in when I'm not doing ride sharing. Thank you for your time. I would happily answer any questions that you may have for me. [LB629]

SENATOR SMITH: Thank you, Mr. Snover, for your testimony. Senator Friesen. [LB629]

SENATOR FRIESEN: Thank you, Chairman Smith. In your time driving with them, have you had any problems with them as...have you had any accidents? [LB629]

TODD SNOVER: No accidents. [LB629]

SENATOR FRIESEN: Is there any question in your mind about coverage on insurance? Are you comfortable with how you as a driver are covered and your passenger? [LB629]

TODD SNOVER: At the time, I'm connected with the passenger, I'm completely comfortable with the policies that both Lyft and Uber have provided us for the time that we're matched with the passenger. I do believe that there probably is an area that's kind of identified as a gray area, that period of time when I have the app running in my car, but I'm not with a passenger or en route to pick up a passenger. You know, is my personal insurance going to pick that up at that point in time or am I kind of in limbo? That is the one area and I think Senator Mello's bill addresses that section. [LB629]

SENATOR FRIESEN: Do you typically drive around while you're waiting for a ride, or do you...what do you do? [LB629]

TODD SNOVER: It kind of...no, generally not, but there are times...if, wherever the passenger drop-off is, if it's not in an area where it's likely that I'm going to get another ride request timely, I'm going to drive back to an area of Omaha that I feel a ride request
is going to come. The vast majority of rides in Omaha, I would say, are east of 72nd Street. There's rides all over Omaha, I don't want to make it sound like there are not. We'll get a ride request from any portion or any corner the metro area of Omaha. But a majority of them, I would say, come from...my personal experience come from east of 72nd Street. A larger number of households, I believe, own vehicles or maybe own only a single vehicle for multi...in a household. Obviously, the student population east of 72nd Street is higher. So if I get a ride request and I come (inaudible) kind of towards the corners of the city, I'm probably going to drive back into an area where I suspect there is going to be ride requests. [LB629]

SENATOR FRIESEN: So you find a parking lot, park and wait. [LB629]

TODD SNOVER: Yes. Yeah, Panera Bread...parking close to a Panera is good because I can get on their Wi-Fi. (Laughter) [LB629]

SENATOR FRIESEN: A little cheap advertising there. [LB629]

TODD SNOVER: Well, yeah, I can tell you the other good GPS...Wi-Fi hot spots in Omaha too. [LB629]

SENATOR SMITH: Senator Davis. [LB629]

SENATOR DAVIS: Thank you, Senator Smith. Mr. Snover, the two companies have exactly the same policies, or different policies? [LB629]

TODD SNOVER: They're different policies. I'm not an insurance expert, but my reading of what I've been sent or I see through the app, they look similar. But I'm not an expert in insurance. [LB629]

SENATOR DAVIS: And when you approached your own private company about doing
this, how did that...how was that received? [LB629]

TODD SNOVER: I have not had that conversation with my insurance agent. [LB629]

SENATOR DAVIS: Perhaps you should. [LB629]

TODD SNOVER: I'll take that under advisement. [LB629]

SENATOR DAVIS: Thank you. [LB629]

SENATOR SMITH: Additional questions from the committee. Seeing none, thank you for your testimony today. [LB629]

TODD SNOVER: Thank you, Mr. Smith. [LB629]

SENATOR SMITH: Next proponent of LB629. Welcome. [LB629]

DAVID ARNOLD: (Exhibit 8) Good afternoon. My name is David Arnold, D-a-v-i-d A-r-n-o-l-d. I'm testifying today on behalf of the Greater Omaha Chamber as a member of its board of directors, as well as a member of its public policy committee. Outside the chamber board, I'm the manager director of Straight Shot which is a business accelerator for early-stage technology companies that invest in and mentor seven to ten startups per year. In this role, I'm actively responsible for recruiting both local and out-of-state tech companies to join our accelerator where we help them to launch innovative products and services. I'm grateful for the opportunity to testify today in support of LB629 and believe it represents a balanced and prudent approach dealing with the collateral effects of the unique business model employed by ride-sharing companies. For the following reasons I ask this committee to support and advance the bill to the broader legislative body. One element of the modern economy is the ability of small companies to reach audiences across the globe and business growth is based
primarily on the quality of products and services instead of being constrained by geographical location. Innovation can be seen not only in the form of new products and services, but also through emergence of new industries and business models. Ride sharing companies like Uber and Lyft represent another shift in the economy towards a more customer-centric relationship between companies and those who use their offerings. This trend will continue because operating in this fashion provides a better experience to those who are spending their time and capital with these businesses and result in strong brand loyalty and support. However, instead of trying to fight these economic headwinds, they benefit...affect stakeholders such as governmental entities to evaluate whether the current regulatory structure can be adapted to achieve their responsibilities without stifling innovation and evaluate its unlocking. I want to thank Senator Mello for his work to convene the interested parties and put forth legislation to remove ambiguity and address the legitimate public safety concerns that exist. Instead of prematurely legislating for or against ride sharing, Senator Mello engaged all stakeholders, and to his credit, proactively taking on this issue. While it’s important to support innovative businesses, those in the legislative and regulatory positions do have an obligation to address items in the market that could negatively affect consumers and businesses alike. Two issues of particular importance with ride-sharing companies relate to background checks and insurance coverage for those who choose to partner with these companies. It’s important that LB629 addresses both issues and the chamber of commerce encourages key stakeholders to continue working toward a compromise that is acceptable to all. At this time, we do support the advancement of this bill and, ultimately, hope legislation will be passed during this session to remove the uncertainty that currently surrounds the ride-sharing industry in Nebraska. In supporting LB629, the Greater Omaha Chamber isn’t asking governmental agencies to ignore legitimate public safety concerns, what we do ask however, is that regulators don’t use the status quo as an excuse not to entertain changes that could lead to beneficial results for the citizens of our state. If the state’s policies aren’t flexible enough to respond to innovative businesses, businesses whose services enjoy significant customer demands, it may also be time to evaluate whether or not these same policies need to evolve. The
company I run, Straight Shot, works directly with technology startups, many of which are aiming to disrupt existing markets and sectors. A goal we share with our partners and investors is for these companies to stay in Nebraska, following our initial investment and mentorship. While Omaha can boast of things like inadequate pool of hardworking labor and a low cost of doing business, it's also important that our state has a business climate and regulatory structure that doesn't prevent or stifle innovative businesses. Finally, to compete in the hyper-competitive environment that is the global economy, it is important the cities and states have the ability to attract, development and retain top talent. Fostering the businesses of the future is a key part of achieving these goals as the millennial generation is increasingly focused on pursuing unique and innovative career opportunities. It is important to the Greater Omaha Chamber that these career opportunities can develop and thrive in our state, and the brand of our business community directly related to whether or not we'll be successful in these efforts. I thank you for the chance to testify today on behalf of the Greater Omaha Chamber. I ask you to advance this legislation to the broader legislative body. I welcome any questions you may have. [LB629]

SENATOR SMITH: Thank you, Mr. Arnold. Do we have questions from the committee? I see none. Thank you. [LB629]

DAVID ARNOLD: Thank you. [LB629]

SENATOR SMITH: Welcome. [LB629]

JOSLYN MAENNER: Senator Smith, Transportation and Telecommunications Committee, good afternoon. My name is Joslyn Maenner, J-o-s-l-y-n M-a-e-n-n-e-r, and I'm a student at the University of Nebraska-Lincoln. Currently, I'm a member of the government liaison committee, a section of the association of the students of the University of Nebraska. Today, I'm here to speak on behalf of ASUN and our students in support of LB629. Last Wednesday, the student government approved a bill in favor of
Senator Mello’s LB629. What we as students are concerned about and have focused on this year is student safety. What this bill would do for university students is provide for more safe options for collegians to get home. We currently have a wonderful partnership with Happy Cab to get students home in emergency situations. That partnership will continue for years to come. But if a student needs a ride home and decides to use a company like Lyft of Uber, we want to make sure that those options are both safe and legal for the students to use. These ride-sharing companies are becoming increasingly popular with young Nebraskans. And we, as students...we as a student government want to make sure that options are available to students. The UNL student government supports additional safe transportation options for our students. We support LB629. Thank you. [LB629]


BRUCE BOHRER: Thank you. Good afternoon, Mr. Chairman and members of the Transportation and Telecommunications Committee. My name is Bruce Bohrer, for the record spelled B-r-u-c-e, last name, B-o-h-r-e-r. And I'm a registered lobbyist for the Lincoln Chamber of Commerce and pleased to be here this afternoon to support LB629, to adopt a new regulatory framework for TNCs. It was not that long ago, and I think a previous testifier already recounted this a little bit, that we were before this committee not that long ago to work with Senator Bill Avery, at the time, to bring and promote greater competition in the Lincoln ground transportation market. I think we do see still an unmet need there. And I just wanted to recount that briefly, just to say that's fairly recent history and just shows how rapidly changing technology business models are. We've already heard it mentioned earlier about Zillow and Amazon. I would add Instagram and Facebook and all the different...SnapChat and Twitter, all the things that my kids are doing that I don't even know about now and that will continue. So I think the main point that we want to make this afternoon is that, it was made earlier in introduction of the bill by Senator Mello, is just that we need to be friendly to new,
innovative ways of doing business and be open to new technologies and new business models and not ignore them, but just simply say let's take a reasonable approach to how we relate to these business models, especially if they don't fit within the current framework for regulations. So with that we would urge you to support LB629. And we also want to thank Senator Mello for introducing the bill too. Be happy to answer any questions. [LB629]

SENATOR SMITH: Thank you, Mr. Bohrer. Do we have questions from the committee? I see none. Thank you. Next proponent of LB629. Welcome. [LB629]

DICK CLARK: Chairman Smith, members of the Transportation and Telecommunications Committee, my name is Dick Clark, D-i-c-k C-l-a-r-k. I am testifying today on behalf of the Platte Institute and thank you for this opportunity to speak in support of LB629. Services like Lyft and Uber arguably enhance public safety. They provide transportation services via a flexible, scalable model that can accommodate significant fluctuations in consumer demand. While traditional taxi services maintain a dedicated fleet of vehicles requiring operators to tie up significant capital with each expansion of capacity, ride-sharing services encourage the more efficient use of existing private vehicles. This means that for large events like Husker game days in Lincoln or the College World Series in Omaha, a legion of drivers and vehicles can be made available to satisfy the temporary explosion of demand in those markets. The available research, while incomplete, seems to suggest that the greater availability of the convenient transportation services provided by these companies can actually reduce the rate at which drivers operate their vehicles while intoxicated. Anecdotal evidence examined by a Washington Post writer last July compared Philadelphia DUI rates among drivers under the age of 30 versus older drivers who were generally less likely to use smartphone apps and made the comparison before and after introduction of services like UberBLACK, SideCar and uberX. The bottom line is the city saw general decline in DUI arrests and a more market decline in DUls among that younger population who are more likely to use those new riding-sharing services. The flexible,
less capital intensive ride-sharing model also means that smaller communities, which generally have no access at all to traditional urban transportation services like taxicabs, could eventually benefit from increased options in their smaller transportation markets. Instead of having to reach a critical mass in terms of local demand before any service is available, ride sharing means the private vehicles already in those communities could be used to help the occasional rider. In addition to increasing the availability of transportation services, companies like Lyft and Uber also enhance driver and rider safety. Like traditional services, these companies check applicant driving records and carry liability insurance for each approved driver. But drivers and riders are positively identified before a ride is ever provided and the cashless payment system means that ride-sharing drivers will be far less vulnerable to robbery and other violent crimes. Two-way review systems utilized by these services help to avoid unfavorable pairings of rider and driver and they also serve to provide immediate and measurable feedback to the network companies whose systems can simply stop referencing ride requests to drivers who are not performing well. These services also allow drivers to check in to provide rides when they please meaning that only drivers who are ready and willing to drive will be on the network at any given time. The taxi industry is one of the most heavily regulated industries in our nation: price fixing, many other substantial barriers to entry, excessive regulation is the cause of many of the problems that we see today, not the solution to the deficiencies in our current service here in Nebraska. Riders and drivers alike stand to benefit from the flexibility and the accountability built into service like Lyft and Uber. Policy makers should take another look at antiquated regulations on transportation services that were based on the technology of decades ago. If we have to choose between the innovators and the regulators, this Legislature should make room for the innovators. Thank you for the opportunity to testify today. I'd be happy to answer any questions. [LB629]

SENATOR SMITH: Thank you, Mr. Clark. Do we have questions from the committee? I see none. Thank you. Next proponent, that person waiting to testify in support of LB629, supporters of LB629. Welcome. [LB629]
JOHN DAVIS: (Exhibit 9) Good afternoon, Chairman Smith and members of the Transportation and Telecommunications Committee. My name is John Davis, it's spelled J-o-h-n D-a-v-i-s. I'm director of operations for the Happy Cab companies based out of Omaha, Nebraska. I wanted to begin by thanking Senator Mello for his efforts to find a solution for reasonably to regulate transportation network companies in Nebraska. It was no easy task and we're still not absolutely there yet. Nonetheless, with some of the changes and the most recent amendment that I think was finished off right before we came in for this meeting, Senator Mello has given you...we're here to support LB629. We pledge to continue to work with the senator and the committee to address some of the lingering issues that we have. I must make it clear, however, that our position has to do with the regulatory parts of LB629. We've not been part of the negotiations with the insurance components, trusting that the insurance industry is looking out for what's best for the public interest, which is our interest as well. My comments and testimony do not address any provisions in the bill addressing insurance. Let me start with where this all began. Last Spring, here in Nebraska, much like we see in other markets when these TNCs are coming in is they came in right before Berkshire Hathaway meeting. Again, that's typically what you see. They come in, they start with the social media marketing and will kind of make a soft opening at an event like that. We saw...we basically started hearing noise from Lyft with its intentions to provide service in Omaha. The PSC weighed in and told Lyft they couldn't provide service without a certificate. We all know what happened from there. Lyft, basically, thumbed their nose, not only at the PSC, but also the state of Nebraska. They began providing service and they continue to provide service even after the PSC issued citations to several of their drivers. Uber soon followed suit and continues to provide illegal transportation in Nebraska. At first we made our obligations known both privately and publicly. We continue to object to the illegal operations of Uber and Lyft within the state of Nebraska. Let me give you a little history in contrast to what they have done. I mean, we have heard some of that earlier this afternoon. In late 2011, we found out there were some problems in Lincoln with the existing cab service: issues with rates, issues with service, and former Senator Avery
was considering legislation, he thought, that would fix the problem. That’s how we found out that a problem existed. Now if we had followed the same model that Uber and Lyft used, we would have just started providing service in Lincoln. We had a smartphone app at that time. We had drivers in this area. So it would have been really easy just to spool up service in here, there was a demand for it. People in Lincoln certainly wanted the service. At the end of the day, we knew what the laws, basically, spelled out and we knew what we needed to do. So we started the process. It really wasn't a hard process; took a couple months, but we did things the right way. We were granted the expansion of the territory by the PSC. So instead of just baring into town and applying...instead of just baring into town, we applied for the authority with the PSC. And before that summer we had it. PSC correctly recognized the need for our service in Lincoln, concluded we could provide it; granted our application. We continue to enjoy serving the businesses and residents of Lincoln and we're glad we did it the right way. All that being said, that we understand the TNCs have a service to provide; there's a demand for it, especially among young people, as you heard in the testimony here today. We have our own app which we rolled out in Nebraska some time ago. We decided that we still object to illegal service. The laws of Nebraska need to change to allow TNCs to operate subject to reasonable oversight by the PSC. We knew we needed to cooperate with that process so we've worked diligently with the senator to help craft such a law that we think LB629 goes a long way towards the goal of reasonable oversight. From where this all started, the senator has done a masterful job of keeping us all at the table, which again, certainly was not an easy task. There are still a few issues that need to be addressed and we assure you that we continue to be willing to cooperate with the senator and this committee to address those issues. Our lawyer and lobbyist will be up next if you have any questions about those issues. This pretty much concludes my testimony. I'd certainly be happy to answer any questions that members of the committee may have. [LB629]

SENATOR SMITH: Do we have questions from the committee for Mr. Davis? I see no questions. Thank you for your testimony. Next supporter, proponent of LB629.
Welcome. Welcome. [LB629]

ANDY POLLOCK: Thank you, Senator Smith and members of the Transportation and Telecommunications Committee. My name is Andy Pollock, that’s A-n-d-y P-o-l-l-o-c-k. I’m here as a registered lobbyist for the Nebraska Transportation Association which includes Happy Cab, and I’m following up a little bit on the comments that you just heard from Mr. Davis. Let me tell you that at about, oh, 12:00 today, I didn’t think we’d be here testifying in support of this bill. At 1:22, and this is not a shot at anybody, except perhaps myself, we were given an amendment from Senator Mello’s office that addressed the remaining concerns that we had with LB629 and put us in a position that we wanted to be in to support this legislation. Like Mr. Davis, I’d like to sit back and thank Senator Mello for his efforts on this bill. It’s not been an easy task. I’d say that he’s been a master at getting people who don’t see eye to eye on these issues from a regulatory standpoint to sit down at the table and offer up solutions. And I’d also like to extend a thank you to Uber’s lobbyist, Matt Schaefer, who I’ve worked with extensively on this too. I’m addressing the regulatory parts of the bill, like Mr. Davis, and not the insurance parts of the bill. I’d defer to the insurance industry on that and some of the concerns they might have might be shared by us, but we are here in support, in particular the regulatory aspects of this bill. I would say that there’s one provision that we still object strongly to. And I talked to Uber’s lobbyist and he said he’d work with us on this. And I talked to Senator Mello and his staff right during the hearing and they said it was an oversight of deleting the section. It’s on page 26…excuse me, 20 of the bill, lines 14 through 16. We had adamantly asked that those be stricken, and I think Bill Drafters just inadvertently, through an oversight, did not strike those provisions. They’re provisions, basically, the last three lines of Section 24. Our support for the bill is conditional upon those things being fixed. With that, I would simply close by saying I’ve been practicing transportation law before the Public Service Commission, with exception of about two years, for 21 years now. I feel like I have pretty good expertise on this. Private practice started with Larry Ruth a long time ago, back in 1994. For seven years, I was the director of the Public Service Commission; and for five of the last
seven years, I represented Happy Cab and other companies before the commission. So I'd be glad to make myself available for any questions. [LB629]

SENATOR SMITH: Thank you, Mr. Pollock. Do we have questions from the committee? Senator Davis. [LB629]

SENATOR DAVIS: Thank you, Senator Smith. Mr. Pollock, thank you for coming. Can you tell us what objections you specifically had that were addressed at 1:22? [LB629]

ANDY POLLOCK: Over...? [LB629]

SENATOR DAVIS: You said you were opposed to the bill until about 1:22 (inaudible). [LB629]

ANDY POLLOCK: Oh, yeah, sure. There were four remaining issues, Senator Davis, that we had issues with. One had to do with Section 3, and I think it remains Section 3 in the amendment. In the amendment that we're supportive of is AM618. The original version of the amendment would have had the PSC approving TNCs that were already operating in any other state. And it's our position, as you've heard earlier, that there are TNCs operating all over the country, albeit, not legally in a number of places. And so our recommendation that they have to show that they're duly certificated or permitted to operate as a TNC in some other state. If that's the case, then they've got...the PSC would have 60 days to make a decision. Otherwise, if they're not duly certified in another state, there would be a 90-day process in which they would have to show that they're fit to provide the service. That means, they have the financial wherewithal and the technical and the managerial wherewithal. That was one issue. The other issue was in Section 5, and this is one where I think we probably still need to do some massaging of the language. And Uber's lobbyist and myself have made a commitment to one another to work on that. It has to do, Senator, with criminal background checks and we have asked, and it's included in here, that the results of those checks, which Uber,
apparently handles through a private company, which we fundamentally don't have a problem with, be at least on par with the searches conducted by the Federal Bureau of Investigation. Again, I think there's some language issues that need to be worked out there, but we're really close. The third issue, and the final issue, other than that Section 24 issue that I just mentioned, was in Section 6. And this was a deal-killer issue for us as well, and that is that TNCs be required to file their rates with the Public Service Commission. The language of the amendment does not require the PSC to regulate those rates, in fact it says they cannot regulate those rates, and we're not asking that the PSC have to do what they have to do with our rates which is pretty extensive review to make sure that they're cost based. But we insisted that the rates of the TNCs be on file with the PSC, just like they are with all telephone companies regulated by the PSC, all natural gas companies, whether they're operating in a competitive environment or not; as well as all motor carriers. We think it's an important tool for the PSC to be able to respond to consumer complaints. So those were the four issues, adding the issue with respect to Section 24 that were changed, addressed in AM618. [LB629]

SENATOR DAVIS: So in light of your discussion about other states, are we talking about...do you have any concerns about Iowa and Iowa drivers coming over from Council Bluffs, is that part of this argument here? [LB629]

ANDY POLLOCK: Well, I think if they're providing service...let's just say they're providing service in Omaha, if they're picking up in Omaha and dropping off in Omaha, this law, LB629 and AM618, would apply to those drivers. [LB629]

SENATOR DAVIS: Even if they're Lyft license is from Iowa? [LB629]

ANDY POLLOCK: They would still have to have a license in Nebraska, as I understand the law. [LB629]

SENATOR DAVIS: And is there a license fee for this? [LB629]
ANDY POLLOCK: For...? [LB629]

SENATOR DAVIS: To operate as a Lyft or a Uber driver? [LB629]

ANDY POLLOCK: I believe...I can't point you to the chapter and section, there's a few requirement in this legislation. [LB629]

SENATOR DAVIS: I just didn't know; I haven't read that section. [LB629]

ANDY POLLOCK: Yeah, there was in LB629. I can tell you...I haven't looked at every line of the amendment. [LB629]

SENATOR DAVIS: Thank you. [LB629]

SENATOR SMITH: Further questions from the committee? Seeing none, thank you. [LB629]

ANDY POLLOCK: If I may address one question that you asked earlier, Senator Smith, and that would be the question of whether TNCs are a common carrier. I would say the answer is a simple yes. They absolutely are. There's no question looking at Nebraska law that they are a common carrier. I would submit to you that if they're not, then their drivers are. The question would be, does the Legislature through the Public Service Commission want to regulate hundreds of drivers or a few transportation network companies? [LB629]

SENATOR SMITH: Is that shared among everyone else that came before you in testimony in terms of those from Uber, Lyft? [LB629]

ANDY POLLOCK: Well, I think you asked them that question. And I think the answer
was less than clear. But I think, based on my interpretation of law, the answer is simple and it's yes. [LB629]

SENATOR SMITH: All right. Thank you. Thank you for your testimony, Mr. Pollock. [LB629]

ANDY POLLOCK: Thank you. [LB629]

SENATOR SMITH: (Exhibit 10) We continue with proponents, those wishing to testify in support of LB629. Seeing no further proponents, we have a letter to read into the record in support of LB629. It is a letter from Pete Festersen on behalf of the Omaha City Council. We now move to opponents, those wishing to testify in opposition to LB629. Welcome. [LB629]

RON HUG: (Exhibit 11) Good afternoon, Senators. My name is Ron Hug, I'm with City Taxi in Omaha, Nebraska. It's R-o-n H-u-g. I just gave your clerk a letter that I'd like to have read into the record please. And I just have a couple of real brief comments. We have an authority from the state of Iowa to operate taxi companies in the state of Iowa. We have an authority from the city of Council Bluffs to operate a taxi company in Council Bluffs. And we enjoy the privilege to serve the state of Nebraska by virtue of our application...I should say, our authority from the State of Nebraska Public Service Commission to operate in Omaha. The insurance requirements in Iowa for us to operate are $1 million. We hold a $3 million policy to operate a taxi company. Insurance has been a constant concern with the TNC companies. The question I have, and the question I'd like to ask that you all ask is what happens once that $500,000 is gone? Who is the injured individual going to go after? Are they going to go after Lyft and Uber who are outside the state and probably almost unreachable by a lawsuit? Or are they going to go after the driver who is going to be tapped out very quickly? So thank you very much for your time. Have a good afternoon. [LB629]
SENATOR SMITH: Thank you, Mr. Hug. Just a moment, let me see if we have any questions from the committee. Senator Davis. [LB629]

SENATOR DAVIS: Thank you, Chairman Smith. So you're carrying $3 million liability, is that correct? [LB629]

RON HUG: Yes, yes. [LB629]

SENATOR DAVIS: But you're required by Iowa to carry $1 million,... [LB629]

RON HUG: Yes. [LB629]

SENATOR DAVIS: ...you just choose to carry the extra $2 million? [LB629]

RON HUG: Quite frankly, after talking our insurance agent and looking at the potential for our exposure, you know, it was the right thing to do. We're obligated to protect our customers. And God forbid anything should happen, but I don't want to expose an indigent individual to have to find an attorney to go after somebody to get whole again. So we felt it was part of our responsibility, part of the obligation that we made to service transportation in the state of Nebraska. And it wasn't that much more money. I'm going to be honest with you. [LB629]

SENATOR DAVIS: And do you know how often that's ever been used? [LB629]

RON HUG: How often our insurance has been used? [LB629]

SENATOR DAVIS: How many accidents, in your knowledge, have exceeded half a million dollars? [LB629]

RON HUG: We have never had an insurance claim where there was any medical,
anything medical that I recall. We’ve had a couple fender-benders. Historically, nationwide, I couldn’t tell you. But I do know if you get on to Google and Google a couple of these companies who have testified here today and look at some of the allegations of some of the accidents they’ve been involved in, there’s been some serious issues raised. [LB629]

SENATOR DAVIES: Thank you very much. [LB629]

RON HUG: But that would...again, that would be something to address with the Insurance Commission. Any auto accident, it really...my wife was hit by a semitruck several years on I-80 coming to Lincoln. And you know, within 24 hours it was $43,000; $500,000 goes really quick. And the more people you have in the car, the quicker that gets exhausted. And we’re all here today for one reason, to make sure we’re taking care of the residents of the state of Nebraska. [LB629]

SENATOR SMITH: Thank you for your testimony today. Appreciate it. [LB629]

RON HUG: Thank you, Senators. [LB629]

SENATOR SMITH: We continue with opponents, those wishing to testify in opposition to LB629. Welcome. [LB629]

KELLY CAMPBELL: (Exhibits 12 and 13) Thank you, Mr. Chairman, members of the committee. My name is Kelly Campbell; that’s K-e-l-l-y, last name Campbell, C-a-m-p-b-e-l-l, and I’m the vice president of state government relations for the Property and Casualty Insurers Association of America. We’re a national trade association and we represent member insurance companies who here in Nebraska write 53 percent of the personal auto policies, 41 percent of the commercial auto policies, and 50 percent of the total auto policies for the state of Nebraska. First of all, I would like to thank Senator Mello for his efforts. We have been engaged in the negotiations with Senator Mello
since September when this committee met in the interim. And we appreciate his efforts. Unfortunately, we believe that there continue to be significant deficiencies in LB629 as it currently exists as well as the amendment that was prepared just ahead of this committee hearing. The insurance industry’s priority in its involvement in the transportation network companies debate is to ensure that drivers and passengers do not inadvertently get caught in a coverage debate between their own personal auto insurance company and the TNC’s insurance company, or worse, find themselves with no coverage at all. While LB629 includes several key provisions including disclosure to the driver about their insurance coverage, primary insurance during the course of some commercial activity, and some limited protections for other Nebraska drivers from subsidizing the business costs of TNCs through their personal auto insurance, there are still gaps in coverage and there are still costs passed on to all Nebraska drivers. PCI understands that many drivers take advantage of the economic opportunities that TNCs can provide them by allowing them to work their own hours, work their own schedule, make extra money. And our concern is that these individuals could have an accident and find themselves in a situation where they do not have the coverage either for the injuries they have caused someone else, the damage they have caused to someone else's vehicle, or damages to their own vehicle or damages or injuries to their own person. And they could find themselves in a situation where they have damage to their vehicle and they don’t have coverage for perhaps one of their biggest assets: their vehicle. To better understand this gap in coverage, please let me provide you a little background. The TNC business model, as you've heard today, allows individuals to use their own private passenger car to drive others for hire. However, the personal auto policy traditionally contains a livery exclusion or an exclusion specifically from making your vehicle available for hire to transport passengers. The livery exclusion exists because this type of activity, driving passengers for a fare, is traditionally more risky than your typical personal use of a vehicle. And there’s a number of reasons for that. First of all, drivers for hire typically drive more miles. Drivers for hire typically drive in more congested areas: concerts hall, game days, bars, city centers, those types of things. Drivers for hire may also drive in unfamiliar areas where they don’t know the
geography. Drivers for hire also typically drive with more passengers in their vehicle than you typically do in your personal use. And also, drivers for hire have a higher duty of care. Whenever you are paying for a service, you generally have a higher expectation of quality and service than the threshold...than there is when you do not have...when you are not paying for that service. So there’s potential for greater liability. For all of these reasons, livery or carrying passengers for hire is typically covered by a commercial auto policy. However, there is this new business model that was developed that blurred these lines. The most controversial period, as you've already heard today, is in regards to the insurance coverage at the time when the driver is logged on to the TNC’s on-line application and waiting for a ride but not yet matched to a passenger. This is known as Period 1. What the TNCs do not tell you is that...the TNCs have told you that this is commercial activity, however, from an insurer's standpoint, this is commercial activity. It's commercial activity for a number of reasons. In fact, the TNCs often incentivize people to get on their apps. You've heard about things such as surge pricing. In addition, some companies like Uber, if you meet certain criteria, actually pay an hourly rate. So these are examples of in fact how this is commercial activity from app on. And what we do not want to see is to see coverage disputes during this time period. I have provided a handout to the committee to help illustrate those coverage disputes. Those coverage disputes can take a long time. They're very costly. And those costs can then get passed on to all other Nebraska drivers who pay for personal auto insurance simply because these TNCs, TNCs like Uber that are valued at $40 billion, have chosen not to step up and provide primary auto coverage for the entire course of commercial activity. So with that, Mr. Chairman, we do oppose LB629 and we look forward to continuing to work on this legislation. [LB629]

SENATOR SMITH: Thank you, Ms. Campbell. Questions from the committee? Oh, I'm sorry. Senator Seiler. [LB629]

SENATOR SEILER: On your handout that you show the gap in coverage, when they click on their app and they're waiting, what's the causal connection between the
accident and waiting? [LB629]

KELLY CAMPBELL: Senator, there could be a lot of activities that are going on while the app is on. I mean we did hear from drivers today that, in fact, you know, that may be sitting in a parking lot. So there could be small risk. [LB629]

SENATOR SEILER: No, the drivers may have a problem and the company may have a problem. But you're putting this out as protecting the passenger. And I'm saying, how can the causal connection be if I'm sitting in my living room waiting for a cab to come and there's an accident, there's no causal connection between me and the cab except I'm waiting for a match. [LB629]

KELLY CAMPBELL: Senator. [LB629]

SENATOR SEILER: So there would naturally be a gap in coverage. I don't see where that's a big deal. [LB629]

KELLY CAMPBELL: Senator, the gap in coverage actually comes from the fact that there is not currently primary coverage during that time. So the TNCs say that the personal auto policy should cover it. And the personal auto insurers say that's commercial activity and that is not covered. Therefore, if there were ever a claim for any type of coverage whether it be comp, collision, liability, UM, any of the coverages that are under the personal auto policy, there is then a dispute for coverage. And during that Period 1, if it...so you have the dispute in coverage, so there's a number of costs associated with that dispute and potentially litigation. In addition, if it in fact goes to litigation and there is no coverage under the personal auto policy, the challenge is... [LB629]

SENATOR SEILER: Well, there would be some. The question is adequate because the car would have to registered in Nebraska and it would have to be a minimum coverage:
25/50/25 minimum. [LB629]

KELLY CAMPBELL: But, Senator, the question would be whether or not that was commercial activity and whether activity is covered under the personal auto policy. And if it's determined that commercial activity is not covered under the personal auto policy, then the only coverage that would click in would be the TNC's liability policy but there would be no coverage for uninsured motorists. There would be no coverage for comp and collision. [LB629]

SENATOR SEILER: That's not what the testimony was here just a little bit ago because I specifically asked that question. And they said they had $1 million for liability, underinsured, and uninsured. [LB629]

KELLY CAMPBELL: Senator, as noted on the graphic there, the $1 million policy comes into play only when the driver and the rider are matched and when there's a passenger in vehicle. Those are Periods 2 and 3. And during that time the TNCs do have liability, uninsured motorist coverage, there is some limited comp and collision if it's on the underlying policy. And I didn't get into those pieces. Those pieces do currently exist now. So the real question is Period 1. And during Period 1, as it exists today and as it is currently outlined in both LB629 as well as the amendment to that, the only coverage that's in question is liability coverage. There's no allowance for comp and collision and those other coverages that could exist on your personal auto policy. [LB629]

SENATOR SEILER: I'm trying to narrow down this gap. They haven't accepted the match, is that right? [LB629]

KELLY CAMPBELL: Correct. [LB629]

SENATOR SEILER: Are they sitting or are they moving? [LB629]
KELLY CAMPBELL: Senator, we’ve heard testimony today that it could be either. [LB629]

SENATOR SEILER: Right. [LB629]

KELLY CAMPBELL: So they could be sitting. [LB629]

SENATOR SEILER: And the other thing that I was concerned about is if they haven’t accepted it, they’re not commercial yet. [LB629]

KELLY CAMPBELL: Senator, and that’s where there’s the disagreement. From the side of the personal auto policy, there’s a believe that it is commercial activity. [LB629]

SENATOR SEILER: How? [LB629]

KELLY CAMPBELL: We have a couple of examples of that. I mean we’ve even heard today from one of the drivers that if they drop someone off and they’re not likely to get a ride, then they’re going to drive back to an area where they are more likely to get a ride. Those are miles that they likely would not travel if they were not using their vehicle for a commercial activity. We’ve also seen examples where...again, I mentioned... [LB629]

SENATOR SEILER: Have you litigated that in Nebraska? [LB629]

KELLY CAMPBELL: I’m sorry. [LB629]

SENATOR SEILER: Have you litigated that in Nebraska? [LB629]

KELLY CAMPBELL: Senator, I’m not aware of any current litigation on that in the state of Nebraska. [LB629]
SENATOR SEILER: Okay. Thank you. Thank you for your testimony. [LB629]

SENATOR SMITH: Further questions for Ms. Campbell? Senator Friesen. [LB629]

SENATOR FRIESEN: Thank you, Chairman Smith. So I guess my question again is a little bit more...it's on those same lines. But the big disagreement then is at some point in time you have to switch from their personal policy to the commercial policy. And the big disagreement is when that happens. And if we can define that more, then we've solved that problem. Now to me, the person's personal insurance at some point in time is going to be superseded by Uber's insurance or whoever's. At that point, does the private insurance, are you giving a discount then because you're not full-time coverage? Are you looking at different plans that you're going to offer that cheapen up that insurance for that person? Or are your companies foreseeing offering coverage that matches what Uber needs? [LB629]

KELLY CAMPBELL: Senator, I can say that in Colorado where this legislation has already been enacted, they debated this issue last year, legislation went into effect on January 15 of this year, they did in fact create a very clear structure for which policies would be primary including primary coverage...primary commercial activity coverage from app on to app off, so during Periods 1, 2, and 3. And as a result of having that clear regulatory structure, we have seen a number of personal auto insurers that have come up and created an endorsement to provide clear coverage so we don't have these gaps in coverage. So in fact, when there is a clear regulatory structure and it's very clear who's primary, we have seen the personal auto insurance market step up and provide kind of these hybrid policies or commercial-like policies so we don't have these kinds of coverage disputes. And that's a great example of why we think an appropriate regulatory structure is important to make it very clear which policies are covering this risk. [LB629]

SENATOR FRIESEN: I agree with that. And what I'm looking for I guess is when I first
heard of Uber and have used that service I though what a great service it would be in rural areas of the state or in smaller cities because I think it would be a perfect match for some of that. But my problem comes is when you say that as soon as you turn on the app, you're suddenly commercial, out in the more rural areas, you're going to have somebody that may be sitting in the coffee shop waiting for an hour and a half for a ride. He's not trolling around. So it's under a different circumstance maybe than the metropolitan areas. But I thought, you know, from that standpoint, I'm very interested in when that is defined because I don't see the problem with turning the app on until you've accepted the ride. So I guess that's just something we'll define. [LB629]

KELLY CAMPBELL: And, Senator, just to address that particular question is, you know, if you are in a situation where there isn't as much risk apparent during Period 1 for whatever circumstances, then any rate for that product, the amount of risk would be reflected in that. So really the issue is is just making sure you have the clear definition of when the coverages are. And then if there's less risk than the rates would, for those endorsements or for that type of coverage, would reflect that lesser amount of risk. But it's again, clear...it's important to have those clear defining lines. [LB629]

SENATOR FRIESEN: Yeah. Thank you. [LB629]

SENATOR SMITH: So, Ms. Campbell, this clear regulatory structure that you mention that's present in Colorado, do you see a possible amendment that we can make here to help us get to that same point to satisfy some of the concerns you've brought up? [LB629]

KELLY CAMPBELL: Senator Smith, I mean certainly I think Colorado does provide a clear framework of when there is primary coverage. From...I quickly reviewed the amendment that was brought forward ahead of the hearing today. And it deviates from Colorado pretty significantly. But certainly Colorado would be a model that could be used anywhere. [LB629]
SENATOR SMITH: So you do see a model out there, something that's working that helps to satisfy the concerns from the insurance industry? [LB629]

KELLY CAMPBELL: Yes, Senator, there are working models out there. [LB629]

SENATOR SMITH: Okay. Now with the current drivers that we have that are driving for Uber or for Lyft, any particular recommendations you would have for them because I think at this point the Uber or Lyft simply requires that driver to have notified their insurance company. But there's no verification that they, their insurance company, is made aware. So is there a problem there for these drivers that may be at risk? [LB629]

KELLY CAMPBELL: Certainly, Senator, we're concerned about accurate disclosure to drivers and education to drivers. Currently in the driver agreement, it requires drivers to have a personal auto insurance. But there is no notification to notify their insurance company, perhaps be educated by their insurance company, or any education by the TNCs as to what may or may not be covered. And I do think that is one of the strong suits that currently exists in LB629, is to require those disclosures. But currently there are no requirements to disclose any of that information to the drivers or for the drivers to disclose any of that information to their insurer. [LB629]

SENATOR SMITH: Okay. Thank you for your testimony today. Any further questions from the committee? Seeing none, thank you, Ms. Campbell. [LB629]

KELLY CAMPBELL: Thank you, Mr. Chairman. [LB629]

SENATOR SMITH: We continue with opponents, those wishing to testify in opposition to LB629. Welcome. [LB629]

KIRBY YOUNG: (Exhibit 14) Hi, my name is Kirby Young, K-i-r-b-y Y-o-u-n-g. I am one
of the owners of Yellow Cab, Capital Cab, Servant Cab, and GPS Transportation. We operate throughout the state of Nebraska and various places. Thank you for taking your time to hear me today. I've got some questions. First of all, I think Mr. Pollock said it earlier. The question was, is a TNC a common carrier? Absolutely, we believe that they are and we believe that they should be and certainly can be regulated under this, the current framework that's existing. We are, and if they're a common carrier they should be. They have thumbed their nose at the state of Nebraska as Senator Smith said a couple of months ago and bullied their way into this marketplace. If I would have done the same thing with any of my companies, I would have been prosecuted and I wouldn't be in business today. But I don't have $40 billion dollars. I don't have lobbyists like some of these people do. So I'm left here on my own to try to speak to you some truth.

Question, why if a TNC is only a technology company as the gentleman from Uber said, why are they supplying insurance? My son is a big shot out in Boston with Verizon. That's a technology company. They don't provide insurance to anyone that's using their technology. So if Uber is simply a technology, why are they supplying insurance to all of, what you guys continued to say, are their drivers? It's very simple. We try to complicate this I think much too much. They are simply a taxi company. They are providing service for hire. And they should be regulated just like us. If not, then our regulations should be changed as well. I've handed out an amendment in addition to the bill which is very, very simple. And it just pretty much states that anywhere that they would be authorized to do business, that we would also be authorized to do business in Lincoln and Omaha which is the primary areas of need. You've heard Mr. Hatfield stand up here and say that they authorize six, seven companies here in Lincoln to compete with us. I was all for competition as long as it's open. The commission then did not authorize us through some technicality up in Omaha. Well, if all of a sudden a TNC can come into the state of Nebraska and not have to prove need and necessity, which is in 75 there as outlined in what I put down...actually that was done by my attorney, Jack Shultz, okay? If they don't have to provide and prove need and necessity, why should I have to provide and prove need and necessity to do business? I mean you've got all of these people running around with these apps, and that's great, younger people. But
what about the elderly and so forth that still have their old phones, some of them still rotary dial. They don't have an app. They don't even know how to use an app. And all of a sudden these people are going to be afforded more providers. But that doesn't help those people at all. And I'm saying, okay. Let us help them. You know, there's a need. If there's a need for all these younger people, there should be a need, too, that's just blatant for all of those that don't have an app, okay? I should be afforded the same luxury as not having to prove need and necessity that they haven't in this particular bill that's going forward. They haven't had to prove that. I have to spend hundreds of thousands of dollars to do that. One last comment here, it was brought up to me by a gentleman. He says, who is monitoring the hours that these TNC drivers are driving? I mean right now, the Public Service Commission is monitoring that with all of us, me as the company. Who's monitoring that, when they're actually on and off, and does that comply with DOT regulations? I mean there's a litany of questions that we can't get to here in five minutes. And I didn't even have access to this thing that was just passed even though Senator Mello said that he's worked tirelessly with me. I had no privilege of having that information. I don't have a lobbyist to do that for me. And I just turned red so I'll take any questions that you've got. [LB629]

SENATOR SMITH: Thank you, Mr. Young. Senator Friesen. [LB629]

SENATOR FRIESEN: Thank you, Chairman Smith. I agree with many of your statements. And my question to you then, what could we do to loosen the regulatory requirements that you're under to help level the playing field? I would be interested in that. [LB629]

KIRBY YOUNG: And that's what was put in that addendum. Yes. I mean if they're going to come in here and be allowed to, they've already forced themselves into the marketplace, bullied themselves as Senator Smith said before, then, you know, I can't do that. I have operated correctly under the authority of the PSC. What you could do is allow me...put that in the bill and allow me to compete wherever they are with them on a
straightforward basis. I'm all for that. The public is smart enough, you know, with all this technology and all the information...they know, if services providing is lousy, they're not going to use that service. Let them make the choice. And I mean as long as I'm insured, as long as I got clean vehicles, they've been inspected by the Public Service Commission, everybody else, let the public decide. [LB629]

SENATOR FRIESEN: I would prefer that we have a level playing field. I agree with you. So I mean I'm...these suggestions are good and I at least will look at those things because... [LB629]

KIRBY YOUNG: I appreciate that. Thank you. [LB629]

SENATOR FRIESEN: Thank you. [LB629]

SENATOR SMITH: Senator Davis then Senator Brasch. [LB629]

SENATOR DAVIS: Thank you, Senator Smith, and thank you for coming, sir. Tell me how you deal with these insurance issues. You've been here listening to this discussion. What's your insurance coverage? [LB629]

KIRBY YOUNG: Our insurance coverage is the standard insurance company coverage that we are required by the state of Nebraska through the Public Service Commission which I believe is the $500,000. [LB629]

SENATOR DAVIS: Five hundred thousand dollars in liability. [LB629]

KIRBY YOUNG: Yes, yes. [LB629]

SENATOR DAVIS: What about underinsured, uninsured motorists? [LB629]
KIRBY YOUNG: It's the same as everybody else for a taxi. [LB629]

SENATOR DAVIS: 50/25. [LB629]

KIRBY YOUNG: Yep, yep. [LB629]

SENATOR DAVIS: And then what about your own drivers then? [LB629]

KIRBY YOUNG: That covers the drivers 24/7, period. [LB629]

SENATOR DAVIS: Okay. So that half a million, that liability covers them? [LB629]

KIRBY YOUNG: Absolutely. [LB629]

SENATOR DAVIS: And then what about...you have collision and those things, that would be your optional process. [LB629]

KIRBY YOUNG: Yes. [LB629]

SENATOR DAVIS: So you're suggested that in order for Senator Mello's bill to go forward, we need to completely overhaul the rules and regulations that the Public Service Commission has put in place because you feel that's a trade barrier, is that correct? [LB629]

KIRBY YOUNG: I feel that it should be changed at least to the extent that we've put it down on paper there. That would give us a level playing field with them. I mean if you wanted to go back and you wanted to change the whole thing, you know, take umpteen meetings and all kinds of man hours and everything to rewrite that. That in particular would just give us and other taxi companies a level playing field with them, okay, because they haven't had to operate on a same level playing field and they haven't. And
they've just thumbed their nose up at everybody. [LB629]

SENATOR DAVIS: So how do you in the taxi business compensate your people who work for you? I mean obviously people that drive your cabs are paid. [LB629]

KIRBY YOUNG: Yes. [LB629]

SENATOR DAVIS: How are they paid? [LB629]

KIRBY YOUNG: They're paid a commission, a percentage, a dollar figure by hour. [LB629]

SENATOR DAVIS: Straight commission, is it? [LB629]

KIRBY YOUNG: The drivers? Yes, yes. [LB629]

SENATOR DAVIS: And then you own all the vehicles yourself. [LB629]

KIRBY YOUNG: The vast majority of them. We do lease some vehicles back, but those are very few. [LB629]

SENATOR DAVIS: I guess I'm concerned about trying to implement what you're proposing because it looks to me like it's going to completely change that whole structure. [LB629]

KIRBY YOUNG: Actually, no, because it...Jack Shultz, and you may be familiar with him. He put that together, okay? An attorney who has worked I believe a lot longer than Mr. Pollock has here in the transportation industry, wrote a number of the things for the Public Service Commission over the course of the years. He put that together and it really incorporates just those that are existing. So if somebody else new wanted to
come into the market, obvious, the Public Service Commission would vet them just like they do today. But if you are an existing holder of an authority, then you’re allowed to operate on a level playing field. And that’s the way it should be. And somebody new that would be coming in would be vetted just the same as they are today. So that wouldn’t change any of that framework at all. [LB629]

SENATOR DAVIS: Okay. But you heard Happy Cab come in and testify in favor of the bill, correct? [LB629]

KIRBY YOUNG: Yes, I did. And they just got part of something that I certainly wasn’t privy to. But they already have authority here in Lincoln. And so anywhere that Uber or Lyft is going to be authorized, which would be Lincoln and Omaha, they already have service. We don’t have service up in Omaha. We’re not allowed to be there because we had to go through this big process of trying to prove need and necessity. And we did prove need and necessity. And it got tossed out on a technicality. We had all kinds of people at our hearings up in Omaha testifying that they needed additional transportation. You’ve heard the people here. I mean they authorized six cab companies here in Lincoln and it’s still not enough. I mean you can’t have enough people when Berkshire Hathaway or the World Series is in town. You just can’t them. Why shouldn’t we be there at least to compete with them? They’re going to be here competing--well, they already are--during football season and every other time. I’m just asking for a level playing field. That’s it. And the people can decide. Hey, if the service is lousy, we’re not going to be doing business very long. It’s just like a lousy restaurant in town. They close all the time because people find out, nah, it just wasn’t very good. [LB629]

SENATOR DAVIS: Thank you. [LB629]

SENATOR SMITH: Senator Brasch. [LB629]

SENATOR BRASCH: Thank you, Chairman Smith, and thank you, Mr. Young, for your
testimony. I believe I'm understanding that the Uber and Lyft companies have free market and open range to pick up a passenger without restrictions or territories, and cabs are only allowed by permit for pickups. Are you given territories? I mean when you're talking about the playing field that... [LB629]

KIRBY YOUNG: Yes. [LB629]

SENATOR BRASCH: Is that correct... [LB629]

KIRBY YOUNG: That is correct. [LB629]

SENATOR BRASCH: ...that a cab may not go where another cab company has permitted? You're permitted to a certain area or region. [LB629]

KIRBY YOUNG: Yeah, you have to go before the Public Service Commission. Other providers have an opportunity to protest you to try to keep you out. It's a framework that has been set up through the state of Nebraska. I think it served a purpose many, many years. It doesn't serve any purpose today. [LB629]

SENATOR BRASCH: And the e-companies now, they no longer have that. Are your drivers considered employees of your company or contractors? [LB629]

KIRBY YOUNG: We've had both. We've had both employees and we've had independent contractors. [LB629]

SENATOR BRASCH: Okay. Because what I'm understanding is that Uber and Lyft are simply...they're all exclusively contractors. They're not employees. It's just a per ride, per...and your situation is a mixture of both but you... [LB629]

KIRBY YOUNG: No. We have had in the past employees. And now we have just
independent contractors. [LB629]

SENATOR BRASCH: Just...so it's the same agreement basically other than you are bound and regulated on where you may and may not drive. [LB629]

KIRBY YOUNG: That is correct. [LB629]

SENATOR BRASCH: I think you've made good point here. So thank you. I have no other questions. [LB629]

SENATOR SMITH: Senator Seiler. [LB629]

SENATOR SEILER: I just want to clarify one thing. When you're saying you're permitted, you're talking about not like in Washington, D.C., where you from one zone to another inside the city. You're permitted for the whole city, is that correct? [LB629]

KIRBY YOUNG: Well every...it's extremely convoluted, the Public Service Commission's authorities that they have given out... [LB629]

SENATOR SEILER: That's what I'm looking for. [LB629]

KIRBY YOUNG: ...over the years. So each authority, like I hold a couple of different authorities. And each authority has it's own framework in it based up a number of different issues. I won't get into that. But like I have authority that encompasses Lincoln and vicinity, a 25-mile radius around there. [LB629]

SENATOR SEILER: Okay. Right. [LB629]

KIRBY YOUNG: And then there's others. [LB629]
SENATOR SEILER: But in the city of Lincoln, you couldn't just handle the Cornhusker Hotel or... [LB629]

KIRBY YOUNG: No, I'm required to handle everybody. If I turn somebody down, I have to have a real good reason. [LB629]

SENATOR SEILER: Right, right. But in the whole city or the 25 miles around Lincoln, you're not zoned within... [LB629]

KIRBY YOUNG: No. [LB629]

SENATOR SEILER: That's what I was trying to get at. And your same thing applies in Omaha. [LB629]

KIRBY YOUNG: Yes. [LB629]

SENATOR SEILER: Or any other community in Nebraska. [LB629]

KIRBY YOUNG: Yeah. It's confined to that specific authority. And like I said, some of them are really strange. [LB629]

SENATOR SEILER: Okay. [LB629]

KIRBY YOUNG: But that's what we have. [LB629]

SENATOR SEILER: That's what I wondered. It wasn't a division like Washington, D.C. [LB629]

KIRBY YOUNG: No. It is not. [LB629]
SENATOR SEILER: Thank you. [LB629]

SENATOR SMITH: Senator Friesen. [LB629]

SENATOR FRIESEN: Thank you, Chairman Smith. One last question I guess, who sets your rates? How do you determine...? [LB629]

KIRBY YOUNG: And that is another thing. And I didn't have enough time to even get to that here but I'm glad you asked the question. The Public Service Commission sets our rates. Rates with Uber and Lyft are extremely convoluted. Nobody knows what you're going to get with them. I've heard stories, though I can't verify them, that during peak hours the rates go way up where people have had to pay during College World Series and Berkshire Hathaway up to $80-some for what would normally be like a $25 trip up in Omaha. That to me is not serving the public. And then when you get that in conjunction with the little lady that cannot afford that type of thing and she's looking for a ride, she's calling up Uber and all of a sudden, last time it was $25. And now it's going to $80-some. I mean that's just ridiculous. You know, we are regulated and it should be. You know, I'm not saying that there shouldn't be regulation. There should be some. But it's got to be reasonable and it's got to be right. It's got to be fair for everybody. [LB629]

SENATOR FRIESEN: So I've used a lot of cab companies in Washington and I've also used Uber. So in Washington, like here, if you have a snow emergency or anything, are your rates any different than...? [LB629]

KIRBY YOUNG: No, they are not. [LB629]

SENATOR FRIESEN: They are the same regardless. [LB629]

KIRBY YOUNG: They are the same. [LB629]
SENATOR FRIESEN: So even during a high-use time, during a football game, your rates stay the same. [LB629]

KIRBY YOUNG: Right. I mean if you’re going to allow Uber and Lyft to raise their rates during a football game, hey, I'm all for making more money. Let me raise mine to $80-some a trip. [LB629]

SENATOR FRIESEN: Well, I mean the advantage there is what, I agreed to the price before I called the cab, you know, And that way I knew what my costs were up front. A lot of times in D.C., when they did have the zones, you never knew what your rate was going to be either because depending on what zone you were going to cross. They've done away with that now. But you know, then you don't know what your rate is going to be until you get to your destination. With Uber, at least you knew what your rate was going to be up front. [LB629]

KIRBY YOUNG: Yeah. [LB629]

SENATOR FRIESEN: I understand that. I just didn't realize that you weren't...you know, in Lincoln here I mean we've got event parking which jumps the rate. We've got a lot of different situations. [LB629]

KIRBY YOUNG: Sure. [LB629]

SENATOR FRIESEN: But you’re held at that same rate regardless. [LB629]

KIRBY YOUNG: Yes, we are. [LB629]

SENATOR FRIESEN: Okay. [LB629]

KIRBY YOUNG: And just with the examples with the little ladies who retired, whatever,
living on a fixed income, they need to go to...not everybody goes to the Husker games. Not everybody cares about them. We haul a lot of people that go shopping during that time because it's much easier. Nobody is out. And if all a sudden they're call up during those times and everything is $80-some to go somewhere where they're used to paying $10 or $15, they're not going to get to go. You know, that's not serving that section of the public very well. I just think it's a poor setup. [LB629]

SENATOR FRIESEN: Okay. Thank you. [LB629]

SENATOR SMITH: Additional questions from the committee? Seeing none, thank you, Mr. Young. [LB629]

KIRBY YOUNG: Okay. I would say one other thing. This testimony holds true then for the next one. [LB629]

SENATOR SMITH: All right. [LB629]

KIRBY YOUNG: So I don't have to come again and take your time for that. [LB629]

SENATOR SMITH: All right. [LB629]

KIRBY YOUNG: Thank you very much. [LB629]

SENATOR SMITH: Thank you. Appreciate it very much. Next opponent. Opposition to LB629. [LB629]

KORBY GILBERTSON: (Exhibits 15 and 16) Good afternoon, Chairman Smith, members of the committee. For the record, my name is Korby Gilbertson; it's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n, appearing today as a registered lobbyist on behalf the Property Casualty Insurers Association of America. Being involved in all of these
negotiations since last fall has been a very interesting activity. And to bring all of you up to speed of all of the different changes and numerous amendments that we've seen over the several months would take hours. So I'm going to try to put this into a nutshell for you and give you a couple of issue of why we have not yet reached an agreement on the insurance portions of this legislation. And I apologize for my iPad. I didn't have a copy of the amendment until we started so I've just been reading it on this. But if you could look at the copy of the amendment that you have, I believe it's on page 11, line 2, there's language that says that the driver's personal automobile insurance policy does not provide coverage for damage to the motor vehicle used by the driver, you know, it goes on and on and on, during these...during what the...it would be app on to app off periods of using this application. This is one part of a disclosure that the companies have to get to their drivers in writing. So I think it's very interesting that then the supporters of the bill have gotten up here and said, well, it's questionable of whether or not it does. We have one thing we agreed on during negotiations, was the personal policy is not going to cover them. The companies do not say at any time that it covers them once the application is on. And that's why you have not seen a clear answer to that question as of yet. Another issue that we've been discussing at length is whether or not comprehensive and collision coverage should be covered during the entire period from app on to app off. You've heard that Uber and Lyft might provide some sort of comp and collision in the second or third time periods. However, when you look at the coverage that they prepare, a lot of times the deductibles for this coverage for drivers is between $1,000 and $2,000, which would be a lot more than some people would be able to afford. And they would then not be able to get their automobile fixed. You can also look, and I passed out a letter from the Nebraska Bankers Association in opposition to the bill, another reason why this is very important is that if you have a loan on a car, many times you're required to keep comprehensive and collision coverage on your automobile. If it's not active and Uber or Lyft where there's not an active TNC policy of some type, this coverage would not be there. And you already heard from one driver, that they didn't contact their insurance agent to see whether or not they'd have coverage. I'd be interested to see and, you know, hope that the drivers that are currently
driving with Uber and Lyft have contacted their bankers to let them know that they’re doing this activity too because I think they would be in for some interesting information. One question that Senator Seiler had asked about, about UM and UIM coverage in Period 1, right now there is nothing unless it would be contingent under this legislation, and just at the limits, the 25/50 limits that are required by personal lines policy. In the original copy of LB629, there was requirements for some excess coverage because of this low limit. But that was taken out in AM618 that you were given today before the hearing. Another question by Senator Friesen, you had asked about the personal coverage and why in Period 1, why wouldn't that cover once the application was on? I passed out a copy of an article from Forbes. And I think that this touches very well on the issue of whether or not having the application on is a commercial endeavor. As you can see in the article, and I won't take the time to read it to you because I'm going to run out of time, but Uber has incentivized drivers to leave their applications on. They get either...they can receive an hourly wage. They can receive bonuses for the number of rides they pick up. And so I think to argue that this is not a commercial activity is a fallacy because clearly if they are incentivizing people to do this activity, they are incentivizing them to do their business for them. I know that the light is going to turn on and so I'll stop there and see if I can answer any questions. [LB629]

SENATOR SMITH: Thank you, Ms. Gilbertson. Questions from the committee? Can you continue your train of thought there? I was tracking with what your were saying there, particularly where if they provide the incentive to remain logged on to the application... [LB629]

KORBY GILBERTSON: Right. So many times, I think that it's been clear that they have stated that their drivers are independent contractors. And we do have a lot of times in the Legislature, especially in the Business and Labor Committee, about issues of best classifications of employees and things. And once you start paying someone an hourly wage and dictating what they are doing and telling them in order to be able to receive these payments you have to do X, Y, and Z; we need your application to be open 50
minutes out of every hour in order to receive this payment; those things start getting into
a little bit of a gray area. I think it’s also interesting when we talk about the insurance
portion and whether or not a TNC policy would prevail or be primary in these issues. If
you look at...I received a copy of an agreement between Rasier and a driver--and
Rasier is the parent company I believe of Uber--that clearly states that as an expressed
condition of doing business with the company, at your sole expense, you agree to
maintain current during the life of this agreement, third-party auto insurance of the types
and amounts specified herein for every vehicle used to perform services under this
agreement. Nowhere in there does it say that you’re covered. Please let your insurance
cOMPANY know. Please let your banker know what's going. Furthermore, later in the
same agreement--and I would encourage you to ask Uber to see some of their copies of
their agreements with their drivers--that says that they cannot disclose any part of this
agreement to anyone. So for us to sit here and say that we are trying to protect drivers
and protect the public who are riding with these people, and we have nothing...we are
not opposed at all to this model of transportation. Our concern is that there is a bright
line on when insurance should take...when what insurance should control. Our bright
line is application on to application off. It's a clear line, hard to blur that, that a TNC
policy, it does not have to be purchased by Uber or Lyft or any other company that
should come along. It can be purchased by the driver. It can be purchased by the
company. But there has to be a policy that takes precedence here. It can't be a question
for every single instance because as you saw in one of the handouts from Ms.
Campbell, you get over to that side where there's 12 red boxes and that's what you're
dealing with, where if you have a clear line, application on to application off, it's very
simple: one, two, three. And as she said, in Colorado, there are already endorsements
that will take care of this. It's not difficult. We're not trying to make it difficult.
Unfortunately, I think that there's just been a lot of misinformation floating around.

[LB629]

SENATOR SMITH: Okay. Thank you, Ms. Gilbertson. Senator Davis. [LB629]
SENATOR DAVIS: Thank you, Senator Smith. So, Ms. Gilbertson, you’re telling us that other states have policy structures that cover these problems. [LB629]

KORBY GILBERTSON: Yes. It's my understanding that after Colorado's pass and its...they already have TNC endorsements, which if you...I did not bring an amendment today because my amendment that we drafted on Friday and gave to Senator Mello was drafted to the previous amendment. So in the amendment that we provided to him, it just made it clear which, you know, policies would prevail. And it's our understanding that GEICO might already have something and other companies that as soon as something would pass that would require this, that's when they will be developed and filed in this state. [LB629]

SENATOR DAVIS: As soon as the bill passes. [LB629]

KORBY GILBERTSON: Right. If you can't offer it here right now, obviously they're not going to have it. But another issue, one...and this is...we're usually sitting in Insurance and Banking talking about these things, but these policies can also be handled under...oh, now the word just left me. I'm not going to be able to save it. But those policies don't actually have to be filed. So we don't know all the time what's in those policies. So right now, Uber's policies that cover their drivers in Nebraska are not something that we can access to see what the coverage is. [LB629]

SENATOR DAVIS: Because it's proprietary information. [LB629]

KORBY GILBERTSON: Because they're surplus lines. Sorry, it came to me now. [LB629]

SENATOR DAVIS: Proprietary information. [LB629]

KORBY GILBERTSON: Um-hum, because they're filed as a surplus line which means
the policy doesn't actually have to be filed in public. So we don't have access to that right now. [LB629]

SENATOR DAVIS: Thank you. [LB629]

SENATOR SMITH: Senator Seiler. [LB629]

SENATOR SEILER: I believe you referred to this policy just a second ago. Are you proposing strict liability on this side? [LB629]

KORBY GILBERTSON: No, I don't... [LB629]

SENATOR SEILER: So it's strict and absolute liability? [LB629]

KORBY GILBERTSON: No, I don't think I'm saying that at all. [LB629]

SENATOR SEILER: Well, when they investigate, then they pay. The only time that ever happens is in strict liability cases. [LB629]

KORBY GILBERTSON: Well, but only if they're found liable. [LB629]

SENATOR SEILER: No, no. No, that's not what it says here. It says the claim is investigated, and then the claimant pays. Well, the only time they ever do that is in strict liability and I've got... [LB629]

KORBY GILBERTSON: Well, Senator, I think there might be a typo in that graph because I think that... [LB629]

SENATOR SEILER: Yeah, I'd say it's pretty misleading, as a matter of fact. [LB629]
KORBY GILBERTSON: Well, I'm sorry, but I think that the bottom line is, and I don't have that in front of me... [LB629]

SENATOR SEILER: Because you'll find yourself over on this side more times than over on this side unless you claim you're going to accept full and clear strict liability. [LB629]

KORBY GILBERTSON: Right, Senator. And you and I have talked about this before. There's no intent to say that there should be strict liability. [LB629]

SENATOR SEILER: Okay, just trying to find out for the record. [LB629]

KORBY GILBERTSON: I think the idea is that you know which policy prevails. There isn't a question of whose policy covers. That's what the... [LB629]

SENATOR SEILER: That's not what this says. So that's what I want to clarify. [LB629]

KORBY GILBERTSON: I will make sure that they edit that and will get you a new version. [LB629]

SENATOR SEILER: Thank you. [LB629]

KORBY GILBERTSON: No problem. [LB629]

SENATOR SMITH: Senator Friesen. [LB629]

SENATOR FRIESEN: Thank you, Chairman Smith. So is your biggest concern with the way things are now is the time they turn on their app until the time they pick up a passenger, or is it the whole time? [LB629]

KORBY GILBERTSON: We believe there should be clear coverage for the entire period.
KORBY GILBERTSON: And to make it easy, we're just saying...we're not saying who has to buy the policy. I think that gets very...that gets confused very easily because I know when you and I talked earlier you kept saying, well, Uber has to provide those; Uber does this. We're not saying that at all. We're saying...and in this legislation, it says that a TNC policy, and then you read it and it says, it can be either through: a "Transportation network company insurance maintained by a participating driver," or maintained by the network company. Now where we get in...where we have a disagreement is when you get then on to page 12 where then they make it contingent for that Period 1 and say, well, the transportation network company insurance only kicks in if it's excluded under terms, ceased to exist, or has been canceled or the participating driver doesn't already maintain their insurance. That can be part of their contractual agreement with the driver. We don't want to be in the middle of their business. We think that it should just say, it can be a driver's policy, a company policy, or a combination thereof. We don't care.

SENATOR FRIESEN: Each company I take it can offer different requirements.

KORBY GILBERTSON: Absolutely.

SENATOR FRIESEN: And most companies would say that once you're in a commercial venture, they don't have coverage. And so some companies may provide coverage and some may not. But are they saying that if the companies do not then they are going to provide it? Is that what they're trying to say?

KORBY GILBERTSON: The insurance companies and...so PCI represents about half the insurance policies that are in the state of Nebraska. There are a few companies,
including State Farm, that don't belong to PCI. So you'd have to ask them separately, but every single company under PCI does not provide coverage in the personal line policy once that app is turned on. [LB629]

SENATOR FRIESEN: Okay. [LB629]

KORBY GILBERTSON: It is determined to be a livery exclusion. [LB629]

SENATOR FRIESEN: All right. Thank you. [LB629]

KORBY GILBERTSON: Sure. [LB629]

SENATOR SMITH: Thank you, Ms. Gilbertson. [LB629]

KORBY GILBERTSON: Thank you. [LB629]

SENATOR SMITH: We continue with opponents, those wishing to testify in opposition to LB629. Welcome. [LB629]

COLEEN NIELSEN: Good afternoon, Chairman Smith and members of the Transportation and Telecommunications Committee. My name is Coleen Nielsen; that's spelled C-o-l-e-e-n N-i-e-l-s-e-n, and I am the registered lobbyist for the Nebraska Insurance Information Service. The Nebraska Insurance Information Service is a local association of property and casualty insurance companies doing business here in Nebraska. And I am testifying in opposition to LB629. You've heard a lot of information and I think the bottom line, the points that I just want to make is that we are trying to make...we are trying to avoid litigation. We are trying to make this simple and clear so that when...individuals know, drivers of Uber know whether or not--transportation network companies--whether or not their personal auto policy is going to cover a situation or the transportation network company insurance is going to cover it because
what it comes down to is that if there hasn't been litigation in Nebraska yet there will be because the question is whether or not those...which coverage does apply. And so even in this, in their amendment, and I haven't read it, I think what they say is that well, we'll be contingent if your company doesn't exist any longer or they cancel the policy or the policy doesn't apply. Well that's where the rub is. That's where the question is going to be. That's where the litigation is going to come in because we don't know. But if you pass a simple bill that simply says, from app on to app off you're covered at whatever levels that you want to cover them, then you're going to avoid all that. And so the drivers won't be caught up in the middle of a system that I don't think they'd enjoy. In addition to that, the reason that we're so concerned about that is that when personal auto policies came into play, they put a livery exclusion in because they were considered to be a different risk. And if you allow that portion, that app on portion, that time when whether sitting on their couch or driving around because they could be--and again, that will another question; were they driving around or not--you are...you are having the personal auto policy subsidize a commercial risk, or that portion of that risk. And that means that people that aren't Uber drivers are going to pay a premium for this commercial activity. And so I just want to mention, too, that I really appreciate Senator Mello's work with us on this. It's been hard to really drill down to what the issues are, and I really appreciate him listening to us and working with us. And I hope that we will continue to work on this to get this down to a simple policy. And with that, I'd be happy to answer any questions. [LB629]

SENATOR SMITH: Thank you for your testimony. Appreciate it. Senator Brasch. [LB629]

SENATOR BRASCH: Thank you, Chairman. I've heard others mention the app on, app off, and then also speaking well or interested in Colorado's. Are they app on, app off? [LB629]

COLEEN NIELSEN: That's my understanding. [LB629]
SENATOR BRASCH: And that is for Uber and other companies. [LB629]

COLEEN NIELSEN: All transportation network insurance, yes. [LB629]

SENATOR BRASCH: So do you believe Uber has that ability to do that in Nebraska as well? [LB629]

COLEEN NIELSEN: Yes. [LB629]

SENATOR BRASCH: Okay. Very good. I have no other questions. [LB629]

COLEEN NIELSEN: Okay. Thank you. [LB629]

SENATOR SMITH: I see no further questions. Thank you for your testimony. [LB629]

COLEEN NIELSEN: Thanks. [LB629]

SENATOR SMITH: Next opponent to LB629. [LB629]

TAD FRAIZER: Good afternoon, Senator Smith. And I'm sorry I forgot the lime sheet. I'll get that for the clerk afterwards. My name is Tad Fraizer; that's T-a-d F-r-a-i-z-e-r, local counsel and registered lobbyist for the American Insurance Association, a national trade association of some 300 property and casualty insurers. I don't have a lot to add to what Ms. Gilbertson and Ms. Nielsen already put forward. I would like to make the comment, although it didn't come out today as much today as much as I've heard in the past, you sometimes hear it said that the issue here is that insurance companies aren't keeping up with modern times or don't get what's going on. I respectfully point that I believe last year before this committee we had a bill on e-proof of insurance. We have a bill in front of the Banking and Insurance Committee currently for e-posting of policies and such.
We're quite comfortable with e-commerce. We don't have a problem with e-commerce. We don't have a problem with the concept of TNCs. What our concern is, as has been previously said, is we want to make sure the commercial risks are borne by a commercial-type policy. And here we're using the term TNC insurance for the commercial type of insurance to cover TNC operations. We don't think personal auto insurance should be possibly on that risk even on a contingent basis because that results in the consumer drivers of Nebraska subsidizing a commercial risk. We just want a clear line so that commercial risks are handle by commercial-type policies. And I would be happy to try to answer any questions the committee might have. [LB629]

SENATOR SMITH: Thank you, Mr. Fraizer, for your testimony. Do we have questions? I see none. Thank you. Next opponent. Welcome. [LB629]

JOHN LINDSAY: Senator Smith, members of the committee, for the record, my name is John Lindsay, L-i-n-d-s-a-y, appearing as a registered lobbyist on behalf of the Nebraska Association of Trial Attorneys. And I'm in a really weird position today in that I'm agreeing with the property casualty industry. But I think...and our concerns basically overlap. The primary concern is the one that you've just heard quite a bit about, the app on to app off is when we think coverage should be in place. I would admit that I'm a 55-year-old Luddite who I think had children just for the purpose of programming my VCR and setting up my iPhone. But I do believe that...I've seen the Uber app and I believe that when you open it...when a driver has the app open, it will show you how close drivers are, within what proximity. So I think that gives some indication that there is benefit to the transportation network company when their customers or prospective customers can see that there are drivers out there with that open. They are benefiting. The commercial activity has started at that point. And if the commercial activity has started, the commercial insurance ought to be in place at that point. I think it also provides, as I think Ms. Gilbertson said, it provides that clarity. I think the last thing either the insurers or the claimants want are disputes and ambiguities and litigation over which coverage is in place. And a bright line saying here's where it starts that is easily
verifiable through the records of the transportation network company, I think is the clearest way to do that. Secondarily, I don't think that it makes sense while engaged in that commercial activity that being that the app is on and the driver is available that coverage ought to be reduced from $500,000 to $25,000. I don't think that's fair to those other drivers who are out there. Second issue of concern is the question of property damage, whether the driver is fully aware that they no longer have insurance once a commercial activity starts. And if the transportation network company does not have property damage...the insurance has property included in it, then I think the driver may get stuck with a vehicle that they don't have the money to repair. The third is that the UM, uninsured motorist and underinsured motorist coverage, which can protect the driver...a lot of people will buy higher UMUIM coverage to protect themselves from somebody who has little or no insurance. But in this case, once that person, somebody, a driver who’s trying to protect himself or herself may not...may select higher UMUIM...underinsured motorist limits, that once that personal policy is no longer in effect, those underinsured limits are going to reduce down to whatever limits are specified in the bill. So we do think that the UM and UIM coverage should be increase. And finally, it appears that med pay, medical payments coverage is not included in the transportation network insurance. We believe it should. Medical payments coverage is that coverage that if you’re in an accident if you have medical payments coverage, it will pay your hospital bills and hospital bill for anybody included...anybody in your vehicle. And it often has subrogation attached to it so that the med payments are recovered. But it does provide that, kind of almost a no-questions-asked sort of coverage to make sure you’re not worried about your hospital coverage. With that, we'd urge that amendments to address the concerns be adopted to the bill. And I'd be happy to answer any questions. [LB629]

SENATOR SMITH: Thank you, Mr. Lindsay. Do we have questions from the committee? Senator Seiler. [LB629]

SENATOR SEILER: Have you ever seen more than $5,000 medical pay in a policy?
JOHN LINDSAY: I'm a recovering lawyer, so I haven't... [LB629]

SENATOR SEILER: Okay. I'll withdraw the question. (Laughter) [LB629]

JOHN LINDSAY: But I have not heard of higher than that. Typically, it's around $5,000, I believe $2,000 to $5,000. [LB629]

SENATOR SEILER: Right, which doesn't go very far. [LB629]

JOHN LINDSAY: Right, right. [LB629]

SENATOR SEILER: It gets you from the ambulance to the emergency room... [LB629]

JOHN LINDSAY: Sometimes. [LB629]

SENATOR SEILER: Yeah. Sometimes. Thank you. [LB629]

SENATOR SMITH: I see no additional questions. Thank you, Mr. Lindsay, for your testimony. Next opponent to LB629. I see no further opponents to LB629. We now move to neutral testimony. Welcome, Commissioner. [LB629]

JERRY VAP: (Exhibit 17) Good afternoon, Chairman Smith, members of the Transportation and Telecommunications Committee. I'm Commissioner Jerry Vap; that's J-e-r-r-y V-a-p, Chairman of the Public Service Commission representing the 5th District. I'm here today to testify in a neutral capacity regarding LB629. LB629 creates a new class of transportation services for those who utilize an on-line enabled application or platform to provide prearranged transportation services for compensation. Currently, these carriers are required to meet the same obligations as other carriers including
obtaining from the commission a certificate to operate, filing tariffed rates for approval, and proving Form E coverage of $500,000 per accident. We appreciate Senator Mello's efforts to provide a regulatory framework to address the emerging business models in the transportation industry and provide guidance to the commission. We understand an amendment has been negotiated that will likely replace the original bill. Therefore, our testimony addresses the terms of the proposed amendment. In establishing a new transportation network company classification, the commission believes it is important to continue to focus on public safety, the provision of adequate service to all citizens, and establishing a level playing field for transportation companies providing similar services.

LB629 and the proposed amendment contain several provisions to enhance public safety including insurance requirements, driver qualifications, background checks, and vehicle inspections. The question of insurance coverage has been a significant concern expressed by many with respect to TNC-type services. We appreciate that both the bill and the amendment are addressing our concerns regarding the filing of insurance. Currently, with respect to the certificated carriers, the commission receives and investigates complaints from consumers. We believe that the amendment provides the commission with sufficient enforcement authority. However, the committee may wish to consider requiring the filing of tariffs to include a range of rates and the applicable terms of service similar to the tariffs filed by certificated carriers. Such tariffs are invaluable tools in addressing consumer complaints and provide notice to the commission of changes in the nature and cost of the service to the community. As we understand the amendment, TNCs are not eligible to provide Health and Human Services and railroad crew transportation services. If that is the case, it would resolve the commission's concern regarding this issue. The commission appreciates that a well-established application process for TNCs is part of the amendment. We believe that this process should apply to anyone wishing to operate as a TNC. The commission appreciates the efforts of Senator Mello and others on this difficult issue ensuring the level of relation and attendant costs to both common carriers and TNCs are similar so that all needs of the community are being met through a robust and competitive market. Be happy to work with Senator Mello and the committee in establishing a reasonable regulatory
process. Be happy to answer any questions. [LB629]

SENATOR SMITH: Thank you, Commissioner Vap. Do we have questions from the committee? I see none. Commissioner Vap, earlier we heard from Mr. Young who's owner of a taxicab service. And he gave us an amendment. And I'm going to read you part of this. And I know there were a lot of questions going around here with the committee and maybe you could shed a little light as to what exactly is he referring to that would change with his services. It goes on and it says: The taxicab operator shall pursuant to this section become simultaneously authorized to provided taxicab service in the Lincoln or Omaha area where the transportation network company holds a permit to provide service without demonstrating the applicant's burden of proof--without demonstrating the applicant's burden of proof as otherwise required in Nebraska statute. So what he was trying to say earlier was that he wanted taxicab services to be on an equal playing field. What are we talking about here? What would be relaxed for these taxicab services that you could envision that would allow them to be on a level playing field? And if you're not prepared to answer it, that's okay. We can get back to you later. [LB629]

JERRY VAP: My brief understand of that is that if I were a taxicab service in Lincoln or Omaha, and maybe even the rest of the state for that matter, that if I decided I wanted to suddenly become also a TNC, I didn't have to go through any application process. All I had to do was tell the commission this is what I'm going to do and I'm in business. That's my interpretation of that. I don't know if that's exactly the way it is. [LB629]

SENATOR SMITH: So that would get them away from having to have set rates, jurisdictional restraint, I mean... [LB629]

JERRY VAP: I think they would still have to operate they way...whatever the law governing TNCs would be. It would just eliminate the process of applying for certificate to be a TNC. It would just say, I now am and I'm in business. [LB629]
SENATOR SMITH: Okay. [LB629]

JERRY VAP: That's my interpretation. [LB629]

SENATOR SMITH: Senator Brasch. [LB629]

SENATOR BRASCH: Thank you, Chairman Smith, and thank you, Commissioner Vap. Why would a taxicab company have different rules and regulations than a TNC? [LB629]

JERRY VAP: Good question. [LB629]

SENATOR BRASCH: Good question? (Laugh) Okay. [LB629]

JERRY VAP: Since they, under certain rules, they would not be a level playing field, they probably should be treated alike. Currently they are because the current law that governs taxis or other transportation services is what is currently governing TNCs in Nebraska. And they have chosen not to apply for those. Now this law would make a change in that respect, but it would still place them under some... [LB629]

SENATOR BRASCH: So should they be treated equally considering they're in the same service? [LB629]

JERRY VAP: I think they probably really should. [LB629]

SENATOR BRASCH: Okay. [LB629]

JERRY VAP: If you're going to allow one to operate, the other one should be allowed to operate on about the same basis, regulatory anyway. [LB629]
SENATOR BRASCH: Very good. I have no other questions. Thank you. [LB629]

SENATOR SMITH: Senator Friesen. [LB629]

SENATOR FRIESEN: Thank you, Chairman Smith. What are your concerns about TNC providing service for Health and Human Services? [LB629]

JERRY VAP: Health and Human Services has specific set rates. They also have a contract. They have to have people who are...generally their rides are arranged at least a day in advance, sometimes two or three days for specific appointments. We just...there's a certain number of people out there that have equipment and the drivers that are capable of helping people of that type. But not everyone in a TNC situation is going to be able to handle handicapped. Or there's also people who have some mental disabilities that are transported quite a bit and require special help. And that on-call TNC I'm not sure should be doing that. [LB629]

SENATOR FRIESEN: Okay. I mean I've heard some complaints that it is sometimes difficult to get a cab scheduled for a ride to the clinic or wherever for treatment. So since you have to arrange it ahead of time quite a bit, I was just curious as to what we needed to look at if that was going to be changed because I think that is an issue in some parts. [LB629]

JERRY VAP: Health and Human Services contracts with a private enterprise that does nothing but arrange rides. And they do have a wide range companies that they can do that with. There are some times when they do have difficulty getting rides. I will admit that. [LB629]

SENATOR FRIESEN: Okay. Thank you. [LB629]
SENATOR SMITH: I see no further questions. Thank you, Commissioner Vap, for your testimony. [LB629]

JERRY VAP: Thank you. [LB629]

SENATOR SMITH: We continue with testimony in the neutral capacity. Any additional neutral testimony? Seeing none, we invite Senator Mello to come back to close on LB629. [LB629]

SENATOR MELLO: Thank you, Chairman Smith, members of the Transportation, Telecommunications Committee. I guess it's always nice to be a legislator in the sense that you get to be the arbiter of being the last one to speak when you hear a number of people come on the bill and give their opinion. A couple things I would point out, the committee should have received a copy of the Legislative Research Office memo they did on the insurance components and requirements of other cities and other states. The insurance issue that you heard in obviously the opposition testimony is an issue that we were not able to resolve in providing this committee AM618 or the underlying bill. It's my hope that we can find a way to move forward on that. I think as you probably heard and can ascertain from the opposition testimony, the issue essentially is, when does that commercial activity begin? And I think you would hear from the TNCs and obviously AM618 as drafted, takes the belief that the consumer activity begins when a driver accepts a rides or accepts the responsibility to go pick up a passenger. Prior to that, in AM618, that is not commercial activity in the sense of being that "bright line." Now I'm not saying that that is an absolute right or an absolute wrong, but that's the way the bill has been drafted. To some extent in reading the TNC insurance memo though, you'll find out that Colorado does have a little bit different...I don't...I guess I would say the bright line is not near as bright as one may think when you read the memo regarding the Legislative Research Office in regards to the Colorado insurance requirements under that Period 1 in comparison to what you may see in California, Illinois, or other municipalities. I think that's a reality that in conversations with the insurance industry,
that is a sticking point that no one has been able to quite come to an agreement on is when does that insurance requirement start, so to speak, in Period 1, and whether or not Period 1 is--I want to be careful here with my words--whether or not that Period 1 really is the beginning component, so to speak, of the app on, app off commercial activity and whether or not the company should be liable for that in comparison to an individual personal automobile insurance policy under Period 1. I would be remiss not mention it's not clearly stated in this memo, there is no state or municipality as far as we've been able to research, that requires some of the insurance requirements that were brought up today. That doesn't mean, so to speak, that other cities and other states aren't considering those. But there is no other state or city who is being required to have the comp collision coverage insurance component in Period 1, have it be purchased by the company. And I think to some extent that is an issue of why I did not include that in my amendment. It's not that I'm not open-minded to continuing negotiations with the insurance industry on this issue. But I think it goes without saying it's not required anywhere else in the country, thus Nebraska would be setting a new bar moving forward in respects to that insurance issue. Outside of the insurance issues that we heard mostly about in the opposition, there is no devious plot unfortunately in regards to, I believe one of the testifiers who didn't receive this amendment today. There was...in reality I've been working on this amendment for a while, working on it this morning, over the lunchhour. And the amendment you see, AM618, that we negotiated some of the final changes with Happy Cab taxi company is all regulatory in nature dealing with the PSC. It has nothing to do with anything more than giving the PSC some of the authority and some of the concerns that you heard them in their testimony of giving them access to rate filings, issues surrounding background checks. But it was nothing more than that. And by all means, I will make sure anyone who requests a copy of this amendment will get it. I think I would be remiss not to mention, or I should say try to address one issue. Senator Brasch asked if TNCs are just taxis. And if they are, why aren't we just having them operate through existing regulations of common carriers known as taxi companies? As I stated during this committee during the September 11 interim study hearing, I don't believe TNCs are the same thing as a taxi company. I don't
think...as you see, they have a business model that operates differently. The bill as it's written limits in regards to their ability to be able to take passengers. They can't accept passengers the way a taxi company can, off the curb. They only can obviously accept the passenger through a technology-driven app, as well as the only way they accept payment is through the technology app, not through cash, credit card, or whatever it may be in a taxi company or a taxicab. And I think to some extent, there are those differentials and I think to try to, quote, unquote, put a square peg through a round hole is what a number of other cities and states have been wrestling with. And I think we tried to provide I think a responsible regulatory framework that takes a lot of the similar insurance regulations on taxis which you did hear opposition say they're only required to have liability insurance for a taxi company and they're only required to have the $500,000 limit during the transfer of a passenger and they have the same uninsured and underinsured requirements that we have in the bill for a TNC. So to some extent, a taxi company has the same insurance that a TNC has in the existing bill yet the opposition also said that TNCs should have a higher insurance threshold which is something that I'm no doubt sure we will continue to discuss. I think Senator Brasch's questions though, it begs the question that I think TNCs are different. I think they provide a different service. I think it's easy just to see someone who is providing transportation, that they're all the same kind of vehicle or all the same kind of company and provide all the same kind of service. I think ride-sharing services and TNCs are different. I think they necessitate a different regulatory framework and they operate as a business, a much more nimble process in regards to primarily having a number obviously of part-time 1099 contractors who are operating in a much differently, quicker fashion, so to speak, than sometimes a taxi company. It's not that one is picking one over another. I'm not saying anything bad about a taxi company or the way our regulations are currently right now to the taxi industry. But that was not the intended focus of the bill, was to rewrite all taxi regulations. That authority rests within the Public Service Commission. And arguably, if someone wants to make dramatic change to deregulate the taxi industry, that would necessitate I think another piece of legislation in consultation to some extent with the Public Service Commission because we essentially
would be taking away a lot of their existing authority they already have over regulating the taxi companies. But with that, I look forward to working with Chairman Smith, members of the committee, to try to address any concerns you may have as well as continue to work with obviously those who came in opposition today as well as the Public Service Commission to try to mitigate any risks and concerns that any of those who are not supportive of the amended version have moving forward. Thank you, Mr. Chairman. [LB629]

SENATOR SMITH: Thank you, Senator Mello. Do we have any further questions? Senator Brasch. [LB629]

SENATOR BRASCH: Thank you, Chairman Smith, and thank you, Senator Mello, for that clarification. I do wonder though and we heard some of the drivers say that they live close to the Old Market. So they get calls. And they go park somewhere else because that's a prime area for a pickup. That sounds really close to at the curb and in taking taxis in other towns, I see drivers also operate in that way, that they wait for a call on what's convenient so they're not wasting gas and just driving around trolling for people looking for a ride. So I'm thinking that there's a very gray area there. [LB629]

SENATOR MELLO: If you think, and by all means, after reviewing the amendment today, AM618, if you feel that we are not as clear in this sense...and I felt we were felt we were very clear in the green copy and the amendment in regards to limiting a transportation network company's ability to "troll" or drive around looking for passengers or looking for fares. That is very clear that they're unable to do that in this bill, that you can only accept a passenger legally under this bill through the app. Now whether or not you are parked in a grocery store parking lot and you have a feeling that more...you kind of see more activity coming from a certain part of the city, it may be advantageous to drive to that part of the city, so to speak, and park your car in a parking lot instead of being on the other side of the city. That's left up to an independent driver to make that determination. But the reality is they're not able to pick up passengers off the street the
same way a taxi company is. And they're not able...they're only able to accept those fares and passengers through the electronic device where a taxi company is not required to do that. [LB629]

SENATOR BRASCH: Very good, thank you. I have no other questions. [LB629]

SENATOR SMITH: I see no additional questions. Thank you, Senator Mello, for your closing. And that concludes our hearing on LB629. I will now turn the committee over to Vice Chair Brasch for the next hearing. [LB629]

SENATOR BRASCH: Chairman Smith will now introduce LB399. Thank you, Chairman Smith. [LB399]

SENATOR SMITH: Good afternoon, Senator Brasch and members of the Transportation and Telecommunications Committee. For the record my name is Jim Smith, J-i-m S-m-i-t-h, and I represent the 14th Legislative District in Sarpy County. I'm here today to introduce LB399. I initially brought LB399 as an alternative to Senator Mello's LB629. We've heard a great deal of testimony on that today. However, I was not involved in the discussion surrounding LB629 in its drafting, and until today I had no idea whether a solid consensus had been reached and if issues still needed to be addressed. The purpose of LB399 was to make sure we had a process, a vehicle, if you would, to address transportation network services because it is definitely something that needs to be dealt with this session. LB399 takes a simple and direct approach. The bill merely clarifies the Public Service Commission does, in fact, have authority to regulate services such as Uber and Lyft. Commissioner Vap, as we've heard his testimony today, he talked about a couple of things that was on his radar that were of concern dealing with railroad transportation and health and human services. And I, too, believe that those are items that need to be addressed in whatever the final bill is that advances from this committee. While I am still a little offended by the way these companies brazenly pushed their way into the market and scoffed at any notion of regulation, I am
glad to see them at the table today. It appears to me that they are finally recognizing
that if they want to operate in Nebraska, they are going to have to play by Nebraska’s
rules. Moreover, I believe that the Public Service Commission that we have in Nebraska
is perfectly capable of determining those rules. The Public Service Commission has
been successfully regulating transportation services since its inception as a railway
commission in the early 1900s. Five intelligent, rational, and publicly-elected individuals
serve on the commission today and I have every confidence they are capable of
adopting regulations allowing these companies to flourish, while also protecting against
unfair competitive practices and ensuring public safety. We heard in testimony today of
the need for additional transportation for high-use times--certainly agree with that. We
heard about the desire for innovative ideas in transportation fulfillment--certainly agree
with that. We heard about the potential for job growth and for helping to fuel Nebraska’s
economic growth. But we also have an obligation on this committee to consider issues
of consumer safety. This committee has a lot to consider with respect to this issue. And
I am very willing to work with Senator Mello to see if I can address my concerns through
his LB629. Therefore, colleagues, at this time I am asking the committee to hold LB399
to see if we can accommodate any remaining concerns through the bill, LB629, that was
introduced by Senator Mello. But with that, I can take any questions anyone may have.

[LB399]

SENATOR BRASCH: Any questions from the committee? Senator Seiler. [LB399]

SENATOR SEILER: Are you satisfied with the amendment that it brings this problem
under the jurisdiction of Public Service Commission? [LB399]

SENATOR SMITH: I am, Senator Seiler. I also have remaining concerns though dealing
with the points that Commissioner Vap mentioned: railroad transportation, HHS, and
also some of the issues of insurance coverage. So I’d like to see that those are
addressed. But I do believe that LB629 is the right bill to carry forward. [LB399]
SENATOR SEILER: Thank you. [LB399]

SENATOR BRASCH: Are there any other questions from the committee? Yes, Senator Friesen. [LB399]

SENATOR FRIESEN: Thank you, Senator Brasch. I was curious when I looked at the difference between the two bills. I mean, I like the idea, sometimes, of not having every little thing in legislation. And this just allows the Public Service Commission to deal with it; we'd, maybe, make changes down the road when we get everything fine-tuned into legislation and we find out there's different directions to go, it's much harder to change it. So from that aspect, do you feel there's...your situation, you already said you'd prefer to go with the other bill, or is it...? [LB399]

SENATOR SMITH: I believe what I've seen so far in LB629, I do believe that it gives a certain amount of latitude to the Public Service Commission and sets some broader...sets some parameters, maybe, there, but more narrow than LB399, my bill. But I do believe that it gives a certain degree of jurisdiction to the Public Service Commission to kind of flesh out those rules and regulations. [LB399]

SENATOR FRIESEN: Okay. Thank you. [LB399]

SENATOR BRASCH: Are there any other questions from the committee? Seeing there are none, are there any proponents that would like to come forward to testify? Seeing there are none, are there any opponents that would like to come forward and testify? Thank you. Please say and spell your name. [LB399]

DAVE BARMORE: Yes, thank you, Senator Brasch and members of the Transportation and Telecommunications Committee. My name is Dave Barmore, that's D-a-v-e B-a-r-m-o-r-e and I'm with Uber's public policy team. We came to this hearing today, not being aware that the senator was going to ask the committee to hold the bill. And we
are encouraged that he has taken a position that he sees Senator Mello’s LB629 as a sufficient one. And you have my word that we will continue to work with Senator Smith and Senator Mello on continuing to refine the bill to make sure that it is in the best interest of riders and drivers in the state. As what's been described to you all, previously, Senator Mello has led a very open and deliberate process where all parties: taxi, insurance, TNCs have had the opportunity to provide input. And I do want to make a note that Nebraska is not the only state that is having this conversation, as I mentioned previously. There are over 20 different state legislatures, currently, that are looking to how they should regulate TNCs. And I think it should also be noted that in the last year alone, over 25 jurisdictions around the country have recognized this is a new kind of service that needs to have rules and regulations in place. So over 25 different jurisdictions have introduced new laws governing TNCs, so we are encouraged that that is being done here today. And I want it to be clear that we are no way opposed to working with the PSC, as the Mello bill would require us to do just that. And we’ve reviewed their amendments and we anticipate that we'll be able to come to an agreement on many of them. And we look forward to working with the PSC in what will be the application process that will begin as a result of this legislation. So with that I would field any questions you might have for me. [LB399]

SENATOR BRASCH: Thank you, Mr. Barmore. Any questions from the committee? Seeing there are none, are there any other opponents for LB399? Seeing there are none, is there anyone in neutral? Thank you, Commissioner; say and spell your name please. [LB399]

JERRY VAP: (Exhibit 1) Good afternoon, Senator Brasch. My name is Jerry Vap, that's J-e-r-r-y V-a-p. I'm the Chairman of the Public Service Commission and I'm here to testify in a neutral capacity. LB399 creates a new class of transportation service for those who use an on-line application or a digital network to connect riders to drivers for purpose of providing transportation services. The bill gives the commission the broad authority to develop reasonable requirements for transportation network services.
developing the rules and regulations that would apply to transportation network services, the commission's focus would be on public safety for a vision of adequate service to all citizens and establishing a level playing field for transportation companies providing similar services. However, the rule and regulation process can take up to a year or longer leaving carriers and consumers in regulatory limbo. Provisions in the bill outlining the scope and nature of the regulatory landscape would provide more certainty. The commission is happy to work with the committee on establishing a reasonable regulatory framework. Be happy to answer any questions. [LB399]

SENATOR BRASCH: Thank you, Commissioner Vap. Are there any questions from the committee? Seeing there are none, is there anyone else who would like to testify in the neutral? [LB399]

ANDY POLLOCK: Vice Chairman Brasch, members of the Transportation and Telecommunications, again, my name is Andy Pollock, that's A-n-d-y P-o-l-l-o-c-k. I appear before you today as a registered lobbyist for the Nebraska Transportation Committee. We appear neutrally on LB399. I appreciate what Senator Smith said in terms of his desire to hold this bill. I think this bill is important to have in place in the event that things would not work out with LB629, which you heard earlier this afternoon in which I testified about. I would say with regard to both bills and the issue, generally, and I'm not trying to disagree with Commissioner Vap, but I think this committee and this Legislature's goal should not, necessarily, be to create a level playing field. I think you've ample testimony today that you're dealing with a different type of provider. And I would submit to you that the PSC already regulates multiple different classes of service. You've got taxicab companies like my clients which are heavily regulated; you've got open class providers which provide service to DHHS; you've got bus service providers; you've got limousine providers which are much more lightly regulated. They're all on different playing fields. And I think the charge of this Legislature is to create a reasonable playing field for TNCs that might be a different playing field, a fair playing field for TNCs, different from those other classes of services I just rattled off. With that I
would be glad to make myself available to answer any questions that any of the committee members might have. [LB399]

SENATOR BRASCH: Are there any questions from the committee? Seeing there are none, are there any others in the neutral? [LB399]

KORBY GILBERTSON: Vice Chairman Brasch, members of the committee, again, my name is Korby Gilbertson, it’s spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n, appearing today as a registered lobbyist on behalf of the Property, Casualty Insurers Association. We do not take a specific position on this piece of legislation because, obviously, it does not include specific insurance provisions. However, we would hope that as the committee works through and decides what we’re...what you’re going to put forward, we consider those aspects of the other legislation. And I also wanted to point out for you, since some of you might not know that there is another bill sitting in Banking that deals just with the insurance portions of this legislation. So, hopefully, through continued negotiations with everyone, we can build a stew and put one thing out and figure out what’s going on. So I’d be happy to try to answer any questions. [LB399]

SENATOR BRASCH: Thank you, Ms. Gilbertson. Any questions from the committee? Seeing there are none, is there anyone else who would like to testify in the neutral position? [LB399]

JOHN LINDSAY: Thank you, Senator Brasch, members of the committee. Name is John Lindsay, L-i-n-d-s-a-y, appearing on behalf of the Nebraska Association of Trial Attorneys. And just reiterate, I think, what the other neutral testifiers have said that we appreciate Senator Smith bringing a bill to address the issue. Hopefully resolve the issue and we’d like to be involved...we’d like our considerations that we brought up on the last bill to be considered on this bill and would like to be involved in discussions as we move toward resolution. [LB399]
SENATOR BRASCH: (Exhibit 2) Very good. Thank you, Mr. Lindsay. Are there any questions from the committee? Seeing there are none, is there anyone else who would like to testify in the neutral capacity? Seeing there are none, we do have one letter of support, a letter from Pete Festersen on behalf of the Omaha City Council. Chairman Smith waives closing. And that would conclude our hearings today. Thank you. [LB399]