



**Testimony Before the House Revenue Committee
Relating to HB 3023A, -14 amendments
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Submitted by Jim McCauley, Legislative Director League of Oregon Cities

Chair Nathanson and Vice Chairs Findley and Marsh and Members of the Committee:

With the emergence of Transportation Network Companies (TNC) since 2009 many states across the country have determined the regulatory structure they wanted to use. Early on, many of the states adopted what amounted to an industry template. In recent years however other states have carved out the highest population centers allowing for local governments to take on the regulating authority.

I want to be clear from the beginning that the LOC is in opposition to HB 3023 as well as the -14 amendments. We believe there is a better template that is available, and we believe that with a relatively new, and emerging business model you have to proceed with caution at the very least.

I have drawn a lot of information from work provided by BERK Communications a firm which conducted a study of TNCs for the Washington Joint Transportation Committee in 2018. I provided each of you links to this report last week and I hope you had a chance to review the information, because it is eye opening on the variability of regulatory oversight in place across the country.

The purpose of this study by BERK was to

“.. provide a shared understanding of current regulations from which to explore public policy questions and to develop recommended options regarding whether and how to improve the consistency, overall effectiveness, and competitive fairness of regulatory frameworks for TNC’s.”

Since this report was completed in 2018 it was available for the 2019 session that Washington State just wrapped up. In the end, Washington’s policy makers did not act on the standard TNC template that was being pushed by Uber and Lyft, because they did believe change was needed in the current regulatory structure in Washington State.

Washington state effectively has a regulatory template in place that has a base set of standards set by the state for liability insurance and a licensing standard for drivers that is no different than what’s required for you and I if we were licensed in Washington State.

- There are 14 cities and one airport outside the immediate Seattle area that have a local regulatory structure in place. They include; Bellingham, Spokane, Spokane International Airport, Pullman, Yakima, Richland, Kennewick, Pasco, Vancouver, Longview, Kelso, Olympia, Lacey, Tumwater.
- King, Pierce and Thurston counties have ordinances and operating agreements with 18 cities and SeaTac International Airport. It’s a system, that may sound complex by the sheer number of entities that are a part of it, but from what I understand from my counterparts in Washington and the regulators it is a system that works and provides for a seamless, coordinated system for drivers and the regulatory entity.

The LOC uses every resource possible when evaluating proposed legislation. We rely on the collective experience of our 241 cities, the knowledge of other cities in other states, and our own experience.

In the case of HB 3023 the only entities with the detail and the knowledge of TNCs are the cities of Portland and Eugene. There are others in Oregon like Salem and Ashland, but none have the scale of knowledge that these cities bring to the table. My recommendation is to listen and consider the work they have done over the last few years, because I believe their shared insight is critical for evaluating the options for regulating TNCs that fits within their own communities.

The experience that Portland and Eugene bring to this conversation should be compared to the fact that the state agencies responsible for regulating TNCs under HB 3023 and the -14 amendments have no experience regulating TNC's or anything like the business platform they have built their organization around. I'm going to repeat that for emphasis;

“state agencies responsible for regulating TNCs under HB 3023 and the -14 amendments have no experience regulating TNC's or anything like this business platform they have built their organization around.”

The standard of evaluating proposed legislation and regulatory structure for the LOC comes down to a test for preemption on existing local control balanced with whether a proposal makes sense from a public policy standpoint, is this good public policy?

On both those points HB 3023 and the -14 amendments fail.

- HB 3023-14 is a flat-out preemption of local government oversight and regulatory authority.
- HB 3023 -14 allow ODOT to delegate authority for cities who want the authority, but the city is limited to the same minimal standards established by the bill and in control of Oregon Department of Transportation. In other words, local governments would take on ODOT's administrative role at the local level, that's clearly not local control, and simply will not allow for regulatory oversight that fits within their community.
- HB 3023-14 establishes a set of minimal state-wide standards, Oregon can and should do better.
- HB 3023-14 effectively rewards a new and emerging industry despite having a history and practice of masking their operations and operating illegally in Portland.
- HB 3023-14 devalues the knowledge gained by Cities of Portland and Eugene and tosses the investment both cities made into their current regulatory structure.

You're going to hear more detail on why HB 3023, but let me finish with the unintended consequences of not getting this right and excluding local governments from regulatory oversight. My focus will be on the question of transportation policy.

While the TNC's have created a tremendously valuable service for which many of us use, don't be clouded into thinking the expansion of TNCs is without concerns.

Many major cities across the US have found increased congestion and reduced ridership on their transit system caused in large part from the emergence and expansion of TNC's. Fortunately,

some have regulatory oversight and can respond. Others like Los Angeles are fighting to get local government regulatory oversight back. The data seems clear to me.

Consider the experience of Seattle and King County, which started out with less than 20 driver permits in 2014 and ballooned to just shy of 28,000 drivers in 2017. As of 2018, TNCs are generating over 91,000 rides a day.

Consider New York City, which was so concerned about the impacts of congestion started to cap the growth of TNC permits. Tell me how this works when cities in Oregon are stripped of their regulatory oversight.

Consider that in Washington, D.C. TNC drivers grew from a few hundred to over 42,000 in 3 short years. This has resulted in decreased ridership with 42 percent of the TNC trips replacing transit options.

Consider San Francisco who recently completed a congestion study that found that TNC's accounted for:

- 51% of the increase in daily vehicle hours of delay between 2010 and 2016;
- 47% of the increase in vehicle miles travelled during that same time period; and
- 55% of the average speed decline on roadways during that same time period.
- 73% in the congestion in the highest density, downtown financial district - and along many of the city's busiest corridors.

The point of presenting this congestion data is to illustrate exactly why local government regulatory structure is needed and should not be preempted.

HB 3023 with the -14 amendments strips local authority, so local governments would not be able to address these issues in a timely manner.

From the League of Oregon Cities perspective, we believe the following elements are important to evaluating the best option forward for regulation of TNC's. The approach for managing TNCs at a minimum should include the following:

- Ensuring public safety and consumer protections,
- Providing access to low-income communities, communities of color, and people with disabilities,
- Managing traffic congestion and reducing climate pollution,
- Creating a flexible system that can respond to a quickly changing and growing industry and that fits within the local context.

The League of Oregon Cities on behalf of 241 communities is urging your opposition of HB 3023