

Lyft Testimony on House Bill 1065  
House Consumer Affairs Committee  
June 3, 2015

Good morning Chairman Godshall, Chairman Daley, and members of the House Consumer Affairs Committee. My name is Katie Kincaid, and I am a Government Relations Manager for Lyft. I appreciate the opportunity to testify today about how HB1065, sponsored by Representative Killion, will affect Lyft and the ridesharing community.

I want to start by thanking all of the legislators who have recognized the importance of ridesharing and seeking a regulatory solution for the peer-to-peer ridesharing industry. In addition to providing a statewide regulatory framework for transportation network companies, like Lyft, HB1065 also seeks to make changes to the taxi regulations and provide for transportation network companies.

I would like to focus my remarks today on two aspects of the legislation that directly impact peer-to-peer ridesharing companies: the establishment of a statewide regulatory framework for transportation network companies and TNC operations in the city of Philadelphia.

Lyft offers transportation service through a mobile software application that connects individuals seeking transportation with pre-qualified drivers who have passed stringent background and driving record checks and vehicle inspections. This is an innovative form of prearranged transportation accessible through a smartphone application. Lyft's peer-to-peer ride-sharing model aims to enhance access to transportation alternatives, supplement existing public transportation, and reduce single occupancy vehicle trips, while assisting Pennsylvania in reducing greenhouse gas emissions.

Through Lyft's platform, people do not just connect to give and receive rides; they also get to know one another. Lyft is your neighbor with a car. But this concept is nothing new. Ridesharing, where everyday individuals provide rides to friends, neighbors, and casual acquaintances, has been going on for decades through low-tech forums as office carpooling lists, commuter pick-up lines, and employer and community ride boards. The benefits of low-cost ridesharing are unmistakable.

Lyft successfully launched in Pittsburgh in February of last year and recently began operations in the city of Philadelphia. Earlier this year, the Pennsylvania Public Utility Commission granted a 2-year application for Lyft to operate in the majority of the Commonwealth.

Every single day, thousands of Pennsylvania constituents rely on Lyft. Whether it's getting home after a late shift at a restaurant or making that last mile commute between public transportation and home, Lyft has become an integral part of the way people get around.

The public need for this service is clear. Existing prearranged and on-demand transportation services rely only on full-time professional drivers, unnecessarily limiting the scope of authorized services available to meet fluctuating consumer demand. Existing services can be costly, and therefore, beyond the resources of many consumers. TNCs, such as Lyft, effectively make use of available technology to enhance safety and efficiency, provide convenience to consumers, and offer service to communities and areas of need.

As the certified entity, Lyft is responsible for providing a record of each trip completed through the platform, including the identity of the passenger and driver, a photograph of the vehicle, and a description of each trip. Lyft is also responsible for obtaining criminal background and driving history checks for all individual drivers offering service through the Lyft platform.

Drivers must observe Lyft's Zero Tolerance for Drugs and Alcohol policy and meet all standards for a qualified driver as set forth in the Pennsylvania Code and Commission regulations. This comprehensive scrutiny ensures the safety of passengers and makes it possible for non-professional and occasional drivers to provide transportation, enhancing access and availability of affordable, high-quality transportation services for Pennsylvania residents.

As with any new innovation or variance from traditional and long-standing practice, concerns regarding liability and risk exposure exist. In March of this year, transportation network companies and large national insurance companies reached an agreement at the federal level on comprehensive insurance language that protects TNC drivers and passengers.

The first stage, commonly referred to as "Period 1," is the time during which the application is on and available to accept ride requests, but a ride has not been accepted. During this period, primary automobile liability insurance is required in the amount of at least \$50,000 for death and bodily injury per person, \$100,000 for death and bodily injury per incident, and \$25,000 for property damage. The insurance requirements must be met by a policy held by the transportation network company, the TNC driver, or any combination of the two.

As soon as a ride is accepted and a the driver is en route to the passenger and when the passenger is in the vehicle, Lyft provides primary commercial liability coverage of \$1 million per incident, PA First Party Benefits (\$25,000 Medical Expense and \$10,000 Work Loss Expense), comprehensive and collision of \$50,000 per incident, and uninsured/underinsured motorist coverage of \$1 million per incident.

This arrangement provides far more coverage than the \$35,000 of primary insurance currently required by common carriers throughout the state. This policy is better for the general public while also permitting all Transportation Network Companies - regardless of size - to compete in Pennsylvania.

HB 1065 would require transportation network companies to disclose the insurance requirements to drivers and drivers must acknowledge electronically that they have reviewed the information.

HB1065 codifies in statute many requirements for TNCs that are policies already outlined in the application granted by the PUC, but Lyft has specific concerns about the legislative requirements for the operations of transportation network companies in the city of Philadelphia.

Unlike TNC operations in the rest of Pennsylvania, transportation network companies operating in Philadelphia will be singled out and held to different – and I stress different, not better – standards. Under this legislation, TNCs would be treated as common carriers in Philadelphia. Lyft would have to hold a certificate of public convenience from the Philadelphia Parking Authority to operate in the city, but even with the certificate, there are onerous provisions placed on both the transportation network company and its drivers.

Every TNC driver would be forced to pay a \$100 fee to the Parking Authority and receive a certificate issued by the authority for operations. The peer-to-peer ridesharing model is incumbent upon casual drivers providing services to their communities, and the majority of Lyft drivers drive fewer than 15-20 hours a week. Forcing individuals pay for a certificate from the authority is burdensome and in many cases cost prohibitive for these casual drivers. Driving with Lyft is something many people do to supplement their income on a part time basis; every hurdle we place in front of them exponentially diminishes the likelihood that they'll be able to participate in this new form of economic development.

Furthermore, HB1065 unfairly limits the places where TNC drivers may pick up and drop off passengers by not allowing them to provide service at airports, train stations, or hotels. This is a disservice not only to drivers, but also to the legions of travelers looking for an affordable last mile solution.

The legislation also imposes onerous requirements on transportation network companies, forcing companies like Lyft to file proprietary information with the Parking Authority about the number of vehicles in service and tariffs showing rates and collections. It also limits the ability of transportation network companies to make changes to its rates by requiring the TNC to notify the Parking Authority 60 days in advance on a proposed rate adjustment. Language in this bill goes as far as to say that "No taxicab [or] service, limousine service or transportation network company shall establish or maintain any unreasonable difference as to rates." These limitations unnecessarily preclude the ability of TNCs to offer discounted prices to consumers. These requirements will severely limit TNC operations in the city of Philadelphia, unfairly and unjustly harming the residents of the Philadelphia who deserve the same transportation options as residents in the rest of Pennsylvania.

Lyft wants to work with legislators and other stakeholders to craft strong legislation that protects consumers and allows the ridesharing industry to be successful in all of Pennsylvania. We want to thank all of the state leaders who have championed the need to develop a regulatory framework that will allow transportation network

companies to grow and thrive in the Commonwealth. Thank you for your kind attention and consideration of my testimony. I would be happy to answer any questions you may have.