

**MINUTES OF THE  
SENATE COMMITTEE ON COMMERCE, LABOR AND ENERGY**

**Seventy-Eighth Session  
March 30, 2015**

The Senate Committee on Commerce, Labor and Energy was called to order by Chair James A. Settelmeyer at 8:33 a.m. on Monday, March 30, 2015, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator James A. Settelmeyer, Chair  
Senator Patricia Farley, Vice Chair  
Senator Joe P. Hardy  
Senator Becky Harris  
Senator Mark A. Manendo  
Senator Kelvin Atkinson  
Senator Pat Spearman

**STAFF MEMBERS PRESENT:**

Marji Paslov Thomas, Policy Analyst  
Dan Yu, Counsel  
Renee Fletcher, Committee Secretary

**OTHERS PRESENT:**

Robert Compan, Farmers Group, Inc.  
Mark Sektnan, Property Casualty Insurers Association of America  
Dennis Stefanitsis, Insurance Counsel, Uber Technologies  
Michael Hillerby, Lyft, Inc.  
Jennifer Gaynor, Nevada Credit Union League  
Brian Wachter, Retail Association of Nevada  
Rane McCown  
Mark Trafton, Whittlesea Company; Bell Company  
John Leleu, Nevada Bus and Limousine Association  
Lou Castro, Nevada Bus and Limousine Association

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Tony Clark, Nevada Bus and Limousine Association; 24/7 Limousine  
Lindsay Knox, Reno-Tahoe Airport Authority  
Mark Cameron, Reno-Tahoe Airport Authority  
Danny Thompson, Nevada State AFL-CIO  
Alex Leupp, Uber Technologies  
Steve Thompson, General Manager, Uber Technologies  
Steve Siger, Uber Technologies  
Richard Bryan, Frias Transportation Management Company  
Robert List, Livery Operators Association of Las Vegas  
Jonathan Schwartz, Nevada Yellow Cab Corporation; Nevada Checker Cab Corporation; Nevada Star Cab Corporation  
Carolyn (Lina) Tanner, Commission General Counsel, Public Utilities Commission of Nevada  
Crystal Jackson, Executive Director, Public Utilities Commission of Nevada  
Jacques Sellam, Uber Technologies  
Ayalew Tadesse, Uber Technologies  
Michael Bailin, Yellow Checker Star Transportation

**Chair Settlemeyer:**

We will begin the hearing with Senate Bill (S.B.) 440.

**SENATE BILL 440**: Revises provisions relating to insurance. (BDR 57-983)

**Robert Compan (Farmers Group, Inc.):**

Farmers Insurance companies are in support of S.B. 440. The insurance industry and transportation network companies (TNCs) reached a compromise on legislative framework, which provides consumer protection and an opportunity for new products in the Nevada market. The legislative battles in California and Colorado were time-consuming, frustrating and contentious. After a few unfavorable outcomes, the Farmer's team thought it more productive to reach out to Uber to find areas of common ground.

It was determined that Uber's essential elements were not far off from those articulated by the insurance industry. After discussions, reviews and feedback between the insurance industry and Uber, we have developed a compromise to use as the model language. We are providing Proposed Amendment 9922 ([Exhibit C](#)) to broaden the coalition to a single model helping both TNCs and regulators avoid the patchwork of inconsistent laws.

The personal auto insurers, trade associations including the Property Casualty Insurers Association of America (PCI), National Association of Mutual Insurance Companies and American Insurance Association, along with TNCs Uber, Sidecar and Lyft have agreed with the new language. The auto insurance and TNC industries share a mutual commitment to ensuring safe transportation options along with ensuring transportation companies and their drivers maintain appropriate insurance. The model law uses language enacted in other states, such as California, Colorado, Illinois and Virginia for liability and property damage limits. The model law states that it permits personal auto policies to exclude coverage for TNC-related driving.

There will be two periods of time that will coincide with whether a driver has the Uber application (UA) on or off and whether the driver has picked up a passenger for transportation. Period 1 will begin when a driver turns on the UA and starts looking for passengers to pick up. Period 2 will commence when a driver has picked up passengers. During Period 2, S.B. 440 dictates a mandatory coverage of \$1.5 million in liability coverage, as well as any other insurance policy mandated by state financial responsibility laws.

Coverage mandates a policy be maintained by a TNC driver, the TNC itself, or a combination of both. An insurance company can offer personal coverage endorsement to a driver during Period 1 to increase liability to meet a state's law. If an accident occurs, the TNC driver must disclose whether he or she was logged onto the TNC system. Insurers will be compelled to cooperate in coverage investigations and have the right to the recovery of any funds that may have been paid out erroneously.

Agreement to the new model language contained in the TNC insurance rules should reduce consumer confusion, provide a framework for safe transportation options and support continued marketplace innovation. This bill will bring clarity and consistency to insurance laws and enhance consumer choices.

**Mark Sektnan (Property Casualty Insurers Association of America):**

Technology has developed shared economy, which is the ability to use a smart phone or computer to download applications that can be used by more than one person. There have been key issues dealt with over the last year to develop common language. One key issue is called "the bright line." The bright line will protect personal auto policy when TNC drivers are engaged in commercial activity. Senate Bill 440 defines the commercial activity from the moment the

driver turns on the UA and is ready to receive requests from potential passengers.

Personal auto policies typically contain a “livery” exclusion, designed to exclude coverage on commercial activity. Where the commercial nature is unclear, insurance companies were concerned that the personal policy would have to subsidize the commercial activities of drivers. This bill clarifies this issue by establishing a bright line, or clear limit of when commercial activity begins. When a driver turns on the UA, commercial activity begins. When commercial activity begins, a new policy kicks in, one specifically designed for TNCs.

Another clarification is that personal auto policies do not have to deny a claim before the TNC insurance kicks in, which will help clear any disputes, helping the consumer. There is also disclosure language included, meaning a TNC driver will receive two pieces of disclosure: one is the TNC policy explaining what is covered, the other is language stating the personal auto policy will not cover commercial activities. I have submitted this information and a few other points in my written testimony ([Exhibit D](#)).

**Dennis Stefanitsis (Insurance Counsel, Uber Technologies):**

I concur with the testimony of Mr. Compan and Mr. Sektnan, and I support S.B. 440. There is a compromise in language between TNCs and some of the largest writers of auto insurance policies in the United States. We agree that this model language provides clarity for consumers and consistency in law. We would like to add the coalition of companies, listed earlier, to include Allstate and USAA Insurance. The total trade associations include more than \$500 billion of written premium. The comprehensive TNC framework bill, S.B. 439, will be amended to include this language.

**SENATE BILL 439**: Provides for the permitting and regulation of transportation network companies. (BDR 58-633)

**Senator Farley:**

Is it correct that if I am driving my car for personal reasons, one level of insurance applies, which is my personal policy, and if I turn on my UA, looking for passengers, another insurance level applies, then when I pick up passengers, a third insurance level applies?

**Mr. Compan:**

The three levels of insurance apply as you have stated. The reasoning behind this is that during the time the UA is on, one may drive more aggressively.

**Senator Farley:**

Does the cost of insurance give an advantage to either a TNC driver or a taxi driver? Does one type of driver have an unfair competitive advantage over the other?

**Mr. Compan:**

During the commercial driver time frame, or Period 2, insurance rates are comparable and liability limits are mandated by regulation. Period 1, or a personal policy, can be endorsed by the TNC company, which will increase the premium by approximately 30 percent.

**Senator Farley:**

Are insurance premiums the same for an Uber driver and a Yellow Cab driver? Is there any advantage to one policy over another?

**Mr. Sektnan:**

One challenge we face is that while trying to maintain standards and liability limits to be similar to other forms of transportation providing the same service, a policy for a taxicab is generally a 24-hour-a-day, 7-day-a-week policy, a driver is covered whenever in the cab; however, a TNC policy is more of a hybrid since there is a personal policy and two other periods of coverage.

**Mr. Compan:**

An Uber driver is using his or her own vehicle; therefore, there is 24/7 coverage on that vehicle for all personal use. The only necessary commercial insurance would be during Period 2. There will be a disparity between the cost of insurance for a TNC driver and a taxi driver.

**Senator Atkinson:**

What does TNC stand for?

**Mr. Compan:**

A TNC is a transportation network company.

**Senator Atkinson:**

Is there a distinction between a TNC and Uber?

**Mr. Compan:**

Uber, Lyft and Sidecar are TNCs. Lyft introduced on-demand ridesharing. I have a handout that describes Lyft ([Exhibit E](#)).

**Senator Atkinson:**

Once a TNC driver turns on the UA, does his or her personal auto insurance stop and the commercial driver insurance kick in?

**Mr. Compan:**

Yes, there is a personal policy for everyday use. When the UA is turned on, the personal policy shuts off and the commercial, or Period 1, policy kicks in. Once a passenger is picked up, Period 1 coverage turns off and Period 2 coverage kicks in. Insurance coverage requirements are listed in section 8 of S.B. 440.

A standard individual policy requirement is "15/30/10," meaning \$15,000 per person injured, per accident, not to exceed \$30,000, and \$10,000 to cover property damage. This bill mandates 50/100/25 for Period 1 coverage, which exceeds minimum responsible amounts.

**Senator Atkinson:**

Is the 15/30/10 coverage the legal minimum requirement for a personal policy? Does S.B. 440 increase this amount to 50/100/25?

**Mr. Compan:**

The 50/100/25 coverage will be during Period 1, or when the UA is on. Once a TNC driver picks up passengers, the Period 2 liability insurance coverage goes up to \$1.5 million.

**Senator Atkinson:**

Is there a third period? What happens after a TNC driver drops off the passengers?

**Mr. Compan:**

Once a TNC driver drops off passengers, the UA is then off.

**Mr. Sektnan:**

The three periods include: Period 1, which is personal insurance, Period 2 is UA on, and Period 3 is when passengers are picked up. Once passengers are dropped off and the UA is turned off, it goes back to the personal auto policy.

**Senator Harris:**

How are policy limits arrived at? Who makes the decision on appropriate limits?

**Mr. Sektnan:**

Liability limits are set to be consistent with state law particularly in Period 2. Period 1 limits are some multiplier higher than the state's personal liability limits.

**Senator Harris:**

Will other policies be available for TNC drivers to have higher limits if they choose to be better insured?

**Mr. Compan:**

Any driver can choose to have higher coverage limits. The limits listed in S.B. 440 are the mandated minimum amounts of coverage required. A driver may also choose to add comprehensive and collision coverage or other options.

**Senator Harris:**

What is the responsibility of the TNC if a driver defaults on or cancels his or her personal auto policy? How would the TNC know if a driver does not have insurance on the vehicle?

**Mr. Sektnan:**

Section 8, subsection 3 of S.B. 440 provides that if a TNC driver's personal auto insurance lapses or is canceled, the TNC's insurance policy is responsible.

**Senator Spearman:**

In Proposed Amendment 9922, [Exhibit C](#), page 3, lines 11-14, it states the TNC insurance may be provided through one or a combination of insurance policies provided by the TNC or the driver, or both. What happens if one entity within the combination of insurers decides to opt out and will not pay a claim?

**Mr. Compan:**

There should not be any issue on trigger points or who is responsible for any particular part of an accident.

**Mr. Sektnan:**

Insurers are used to dealing with claims under multiple insurance companies. Section 8, subsection 3 is designed to provide that claims will be handled within the companies that carry the specific TNC-designed insurance. We did not want to involve the personal auto insurance company that has an exclusion for transportation services, nor is it designed for transportation services.

**Mr. Compan:**

Most personal auto insurance policies have exclusions for commercial acts, such as delivering pizza. Therefore, this would mandate the TNC insurance would kick in.

**Senator Manendo:**

Who pays for the insurance during Periods 1 and 2?

**Mr. Stefanitsis:**

Uber will maintain the insurance on the driver during Periods 1 and 2.

**Senator Hardy:**

Section 10 of the proposed amendment 9922, [Exhibit C](#), provides that an accident must be reported within 12 hours. Is there liability in the 12-hour pre- and post-time frame or is it just to report where the driver is located, what was being done and whether the UA was on or off? Is there any liability to the TNC if a driver has the UA off?

**Mr. Sektnan:**

This section was added to deal with claims handling and issues, since it is impossible for the insurer to know how to handle a claim if there is no particular information from the TNC platform. This section provides access to the information so claims handling can determine if a driver had the UA on or off.

**Senator Hardy:**

There is also mention of talking to the police at the time of the accident. How do the police know if a driver has the UA on or off?



**Mr. Sektnan:**

This bill provides that a driver must carry separate proof of insurance from the TNC. It was of concern if a driver only had his or her personal insurance card because it would not be adequate coverage during Periods 1 and 2. The police do not necessarily need to know if the UA was on or off. The UA being on or off is an issue that will be handled during the claims process.

**Senator Hardy:**

Are the insurance requirements in S.B. 440 more or less strict, in terms of consumer protection, than for a taxi driver?

**Mr. Compan:**

During the UA on period, insurance coverage meets or exceeds a commercial taxi drivers required coverage. Senate Bill 440 addresses the insurance requirements of TNCs. You will hear S.B. 439, which addresses the safety concerns and may answer more of the Committee's questions.

**Senator Farley:**

Does the TNC or driver purchase the multitier insurance policy?

**Mr. Compan:**

The driver pays for his or her own personal auto policy. For Period 1 the responsible party is either the TNC, the driver, or a combination of both. The policy for Period 2 is the responsibility of the TNC.

**Senator Farley:**

If a TNC driver has a malfunction with his or her car, or is intoxicated, hits my car, with the UA on during Period 2, who has general liability?

**Mr. Compan:**

During Period 2, the TNC's \$1.5 million commercial liability insurance would be responsible.

**Senator Farley:**

There is a difference between the coverage on my automobile and knowingly driving while intoxicated, or that my brakes are bad and tires are bald, or I was fraudulent, then my general liability is on the line. During Period 2, who signed the insurance coverage policy? Who is responsible beyond just the auto coverage?

**Mr. Stefanitsis:**

A standard general liability policy typically has an auto liability exclusion that excludes any claims arising out of an accident. Claims arising out of an accident are covered by the auto policy. An auto liability policy provides coverage for liability arising out of an accident; however, an accident is not limited to a car crash, it can include someone dropping a bag on the car. The auto liability policy is broader and may end up providing coverage. A general liability policy typically would exclude coverage in a car crash.

**Senator Farley:**

Who is responsible if a driver does not keep up the maintenance of his or her car, such as brakes, tires and oil changes, or if a driver falsifies the maintenance records on the vehicle?

**Mr. Stefanitsis:**

Every individual incident is fact-specific. If there were a negligent hiring claim, an attorney would most likely file a lawsuit against the TNC; however, it is dependent on the individual circumstances. Senate Bill 440 deals with the liability arising from the auto liability exposure and sets baseline minimum requirements in Period 1 far in excess of State financial responsibility requirements and in Period 2 far in excess of those required for taxis.

**Senator Manendo:**

How does Uber pay the insurance if it is not the owner of the vehicle and not the employer?

**Mr. Compan:**

Regarding the insurance coverage, general liability must comply with Nevada statutory language regarding insurance. The insurance must be approved by the Division of Insurance and the insurance commissioner. For a commercial fleet, general liability policies are blanket coverage. The TNC policy will cover individual drivers during activated UA periods.

**Senator Harris:**

What happens to the person who was injured and has no control over the policy or the insurance process? Do you have a bright line test? Passengers have no control over the UA going on or off. Exactly when is the UA turned off? When the driver arrives at a destination or when the passenger is out of the vehicle, safely away from the vehicle?

**Mr. Stefanitsis:**

The Uber panel will be speaking next on S.B. 439 and are more knowledgeable on the operations aspect. I would like to defer this question to that panel.

**Michael Hillerby (Lyft, Inc.):**

Lyft supports the amendment on S.B. 440. The national model language for Period 2 coverage is \$1 million, which we would prefer, and it is more than double the taxicab requirement; however, we understand the current direction is \$1.5 million. *Nevada Revised Statute* (NRS) 706.303 covers the maximum insurance coverage required by the Taxicab Authority (TA) for a taxi, which is \$250,000 for one life and \$500,000 for more than one life, for bodily injury or death. Coverage amounts listed in S.B. 440 are minimum requirements. *Nevada Revised Statutes* 706 also provide that cab companies are not required to offer traditional insurance policies; they can offer bonds, cash deposits, sureties or pledge of the net worth of the company. Therefore, it is difficult to compare which requirement is more beneficial or costly to the TNC or cab company.

**Jennifer Gaynor (Nevada Credit Union League):**

The Nevada Credit Union League supports S.B. 440 and its efforts to protect consumers who drive for TNCs. Our particular interest is comprehensive and collision insurance. Our League has not had a chance to go over the proposed amendment and how it may or may not pertain to our interests. Therefore, we are submitting our own proposed amendment to address our concerns ([Exhibit F](#)). Our interest stems from the fact that we provide automobile loans to our members and the possibility that our members may use their personal vehicles as drivers for TNC services, since their personal insurance will not provide physical damage coverage if the vehicle is used for TNC purposes. Consequently, our members could be left without transportation to make a living, and credit unions are left with loans that would not be paid.

**Brian Wachter (Retail Association of Nevada):**

The Retail Association supports S.B. 440 and appreciates the TNC and insurance companies agreeing on a plan to move forward.

**Rane McCown:**

I am opposed to S.B. 440 and am concerned about an Uber driver letting his or her insurance lapse but still driving on the UA.

**Mark Trafton (Whittlesea Company; Bell Company):**

I have served as chair of the board of the Nevada Insurance Guaranty Association for more than 10 years. My position gives me extensive experience handling insurance claims and dealing with insurance issues. The Whittlesea and Bell Companies oppose S.B. 440. The first concern is when Uber drivers turn on the Period 1 UA, they clearly fall within the definition of a common motor carrier in NRS 706. It cannot be disputed that the purpose of turning on the UA is to transport passengers.

When the Period 1 UA is turned on, although the driver has not yet picked up passengers, the \$50,000 liability limit is not enough coverage. The coverage limit for common carriers, per NRS 706, is \$250,000 per claim and \$500,000 for multiple claims. The coverage limit for limousines and town cars is \$1.5 million per claim. The taxi companies I represent carry \$3 million of coverage on their taxicabs and \$5 million of coverage on limousines and town cars, which apply whenever the wheels of those vehicles are turning, whether a driver's cell phone is on or off and whether the driver is on the way to pick up passengers or not.

There is a case in litigation in San Francisco in which a 6-year-old girl was run over in a crosswalk by an Uber driver. Uber is taking the position that it does not have any liability. At the time of the accident, the insurance requirements we are talking about today were not in place. However, our concern is something like that might happen in Nevada because an Uber driver is paying more attention to the UA on his or her phone and deciding whether to accept a pickup; the coverage limits would only allow recovery to a family of \$50,000.

In Colorado, Uber drivers have determined where to hang out to get their fares. Some of the drivers are deliberately turning off the UA because they know if they go to a particular property, there will be people waiting for a ride. The Uber driver will pick up a waiting passenger, possibly get into an accident, but the UA is not on, meaning the only insurance is a personal auto policy that has an exclusion for carrying passengers. We do not want this to happen in Nevada.

**Senator Atkinson:**

Can you please elaborate on the story of Uber drivers not turning on the UA, but picking up passengers?

**Mr. Trafton:**

If Uber were allowed to operate in Las Vegas, a driver might have quite a few requests for pickup at the Bellagio, so instead of turning on the UA and paying Uber 20 percent of the fares, the driver can just sit at the Bellagio and wait for fares. Passengers have no idea if the UA is on or off. A driver can just ask the passenger to pay in cash, and Uber has no idea the driver is accepting fares.

**Senator Manendo:**

If an Uber driver picks up a passenger who loads luggage, computer equipment, cameras and other expensive things in the back of the Uber vehicle, and the driver takes off without the passenger, are the passenger's personal belongings covered, and if so, under whose insurance?

**Mr. Trafton:**

I do not know if S.B. 440 takes that scenario under consideration or if it would be covered under the passenger's insurance; this is a gray area.

**Senator Hardy:**

I have seen a nonhandheld device in a Whittlesea taxi and I have seen a handheld device in an Uber vehicle. Nevada has a law regarding handheld devices. Does California have the same law? Have we seen issues with conflicting laws on cell phones?

**Mr. Trafton:**

The clients I represent have started using software applications (apps) on their cell phones. The drivers are directed to pull over or stop the vehicle. Yes, California does have the same cell phone laws.

**John Leleu (Nevada Bus and Limousine Association):**

The Nevada Bus and Limousine Association is in opposition of S.B. 440 and I am here to answer any questions.

**Lou Castro (Nevada Bus and Limousine Association):**

I am in opposition of S.B. 440. Our drivers are covered 100 percent of the time they are in their vehicles, even when a driver takes a break. It is not appropriate for drivers to have a three-tier insurance system; it is anticompetitive, unsafe and is not offered to existing carriers in Nevada. I would agree with an amendment to add existing carriers to the bill, so rates would be competitive.

**Tony Clark (Nevada Bus and Limousine Association; 24/7 Limousine):**

Our members are small business owners, none owning taxicabs. We are pro-business and in favor of less regulation; however, it should be treated equally and fairly. Our biggest concern is that S.B. 440 will deregulate and change rules for only part of the industry. This bill will lead to unfair competition. Another concern is turning on and off insurance. Our drivers must be fully covered 100 percent of the time, making our operating costs higher.

If a driver gets to know a particular customer getting rides for the same route over and over, there may be a tendency for the customer to work out a deal with the driver for a lower rate on a cash basis. If a TNC driver agrees to this, the UA would not be turned on, thus the passenger is not protected by the higher level of insurance.

Another bad example would consist of a husband and wife team. The husband was not hired by Uber due to a past felony conviction. The wife, who is hired by Uber, is too tired to work, so she hands the UA to her husband, who picks up passengers and has an accident. Again, there is no insurance in this scenario. Senate Bill 440 is unfair to the smaller business owner who is forced, by regulations, to pay for common carrier insurance to have a safe transportation industry.

**Lindsay Knox (Reno-Tahoe Airport Authority):**

We have not had time to review the amendment; therefore, we are opposed to S.B. 440 as it is written. We would like to propose our own amendment that would require TNCs to carry general liability and auto insurance ([Exhibit G](#)). We would like to work with the proponents of this bill.

**Mark Cameron (Reno-Tahoe Airport Authority):**

To secure a ground transportation permit, the Airport Authority requires \$1 million in commercial general liability and commercial automobile liability insurance. General liability insurance covers all liability arising from the automobile. The general liability covers passengers tripping over their luggage once out of the vehicle. If a vehicle hits a passenger in a crosswalk, the commercial auto liability policy will cover that incident. These insurance requirements apply to all ground transportation operators, buses, shuttles, taxicabs and rental cars based on land-side areas of the airport.

The insurance provisions in S.B. 440 do not address our insurance requirements. Airport property is private property, and driving on it is a privilege that can be revoked. The Airport Authority would like to request an amendment, [Exhibit G](#), to add language in section 8, subsection 1, paragraph (e) that TNC drivers must meet the Airport Authority insurance requirements. If this amendment is accepted, the Airport Authority would support S.B. 440. This information is included in my written testimony ([Exhibit H](#)).

**Danny Thompson (Nevada State AFL-CIO):**

There has been no mention of workers' compensation in S.B. 440. Employers are required by law to offer their employees workers' compensation (WC). If an Uber driver is involved in an accident, that individual should be eligible for WC. If an individual lacks WC, then the State's uninsured fund will need to pay the claim. One particular case was with workers degassing aerosol cans in a cargo box when there was an explosion. One injured worker filed a claim that ended up being paid over \$1 million by the State fund. The Nevada AFL-CIO opposes S.B. 440 unless the bill is amended to have TNC drivers eligible for WC.

**Senator Farley:**

What are a few examples that would require general liability insurance? Would Uber need to carry this insurance or would the drivers need their own policies?

**Mr. Cameron:**

Passengers tripping over luggage set on a curb are a good example of the necessity for general liability insurance. We have some concern regarding who should carry the insurance. As the bill is written, the company and the driver are separate entities. The Airport Authority requirements need to apply to both.

**Senator Atkinson:**

If an employer does not offer WC and there is a claim ultimately paid by the State, what happens next?

**Mr. D. Thompson:**

The uninsured fund would pick up the claim and pay it. Unmaintained WC is a big problem in Nevada. As soon as an Uber driver turns on the UA, he or she becomes an independent contractor who should be paying into WC and unemployment.

**Chair Settlemeyer:**

I will close the hearing on S.B. 440 and open the hearing on S.B. 439.

**Alex Leupp (Uber Technologies):**

Thank you for the opportunity to present S.B. 439.

**Steve Thompson (General Manager, Uber Technologies):**

The goal of S.B. 439 is to provide a regulatory framework for TNCs in the State. Ridesharing is a relatively new concept that did not exist 2 years ago, yet today it exists in 160 cities in the United States. Thirty jurisdictions have codified similar regulatory frameworks.

Uber will help increase tourism as well as addressing the local need to provide options for riders to get around safely, and drivers have additional options to become small business owners and have flexible hours. Ubers' driver-partners (DPs) are the heartbeat of the company, so I would like to share a video on a day in the life of an Uber driver ([Exhibit I](#)). I will take you through a slide presentation ([Exhibit J](#)) of what Uber ridesharing would look like in Nevada.

Uber is available to every individual all hours of the day or night. Uber DPs have the luxury of signing on the UA at their convenience. Uber is a technology company. We have developed an application that partners riders who need rides with drivers willing to provide rides to popular destinations, local and rural communities.

The UA is set up for an individual to provide an email address to receive receipts, a phone number to receive real-time alerts on the driver's location, and a credit card so there are no payment transactions with the driver. Payments are seamless, allowing a DP to know he or she will be paid for every ride. When a person requests a ride, that individual will receive a photo of who is picking them up, with the make, model and license number of the vehicle, as well as a fare estimate and an anonymous way to contact the driver. Once the ride has concluded, the passenger is prompted to rate the driver and vice versa, creating a feedback system allowing any issues to be addressed in real time.

Uber DPs have the option to log onto the UA at their leisure to locate fares available. With a single tap on the UA, a driver can accept to pick up passengers. At this time, the UA will provide turn-by-turn navigation, keeping the driver's hands free at all times. The digital format allows all trips to be



tracked to ensure the highest level of safety and transparency for riders, drivers and the public. The level of transparency, accessibility and safety are core fundamental principles of Uber.

Nevadans who have partnered with Uber in the past came from all walks of life. Uber provided more flexibility in drivers' schedules. Some DPs were unemployed or underemployed, thus needing to supplement their incomes. A DP takes home 80 percent of every ride. Uber does not charge the DP with any minimum or hidden fees. Current statistics of DPs are 14 percent women, 71 percent support dependents, 19 percent are under age 30, 25 percent are over age 50. Another important demographic is Uber's military partners which represents 7 percent. Our goal is to help 50,000 military personnel become partners, consisting of active service members, veterans or military spouses.

Uber has a global partnership with Mothers Against Drunk Drivers (MADD) because MADD realizes Uber offers additional options for drunk drivers to get rides home, reducing drunken driving accidents. In California, drunken driving incidents fell 6.5 percent per month for individuals under the age of 30. Uber develops local connections with the communities where it operates. It is important for Uber to determine what issues or needs can be addressed in the local communities. There is a large multilingual and multicultural population in Southern California and Arizona, so Uber developed a service to connect drivers and riders who speak the same language.

Uber started business in 2009 and has since launched in 300 cities and 60 countries across the world. Domestically, Uber operates in 160 cities and 41 states. We see approximately 50,000 new DPs join the Uber platform with more than 750,000 rides daily. Las Vegas is the sixth most popular city for tourism. Many individuals traveling from other countries already utilizing Uber would know and understand how to use the UA when visiting Las Vegas or other popular tourist destinations.

During our short operation in Nevada, there were many individuals in the Reno area who opened the UA looking for rides. In Clark County, individuals who opened the UA were not limited to the downtown Las Vegas area, but in surrounding cities also. There were more than 100,000 unique individuals who opened the UA over a half-million times. Our research shows 90 percent to 95 percent of taxi trips start or end at the airport or the Las Vegas Strip. Uber wanted to address other communities of people in need of rides. In our initial

launch, Uber blocked out any request from the airport and the Las Vegas Strip so we could focus on local users. In the tens of thousands of trips that occurred, two-thirds were Nevadans. In the month Uber operated in Nevada, there were over 20,000 applications for individuals wanting to become DPs. When Uber ceased operations, the individuals who were hired were left without jobs. Uber wants to establish a regulatory framework so we may begin to contribute to Nevada's economy.

Safety is part of the Uber process. Pickups are safer because the riders know the driver's name and vehicle information and can choose the pickup location to be able to wait in safe locations. An individual can share his or her trip details and estimated time of arrival with friends or family who can track the trip. Not only is fare payment cashless and cardless, Uber offers a split-my-fare feature which allows fares to be paid by more than one person and is especially helpful to college students making rides more affordable.

Of extreme importance to Uber and the community is ensuring the safest and highest quality DPs. Uber has an extensive background check system. We use local, multistate and federal background checks for any criminal records, sex-offender records and driving history records. Uber chooses not to use fingerprint records, as these records tend to be incomplete and faulty. Civil and domestic charges do not show up in fingerprint records; however, they are included in background checks. Allegations or pending charges only show up in background checks. Uber will also screen social security numbers to add another layer of safety.

Uber's safety checks screen driver applicants' county and federal courthouse records going back 7 years. Uber checks the global terrorist watch list, the national sex-offender registry and additional criminal databases. Driver applicants cannot have any DUI or drug-related offense in the last 7 years, which is longer than the 3-year limit for the traditional passenger carrier industry. A driver applicant also cannot have any fatal accidents, reckless driving incidents, violent crimes or felonies, gun-related violations or evading arrest charges, going back 7 years. An applicant's record must also be clear of charges of driving without insurance or on a suspended license, going back 3 years. We have added these safety checks into S.B. 439 as part of regulation.

Uber can monitor drivers on every trip, and Uber has a zero tolerance policy. Uber has the ability to terminate and deactivate any driver's UA. Some statistics

gathered in Boston and Seattle show one in ten active taxi drivers do not pass the Uber safety process. A large number of Uber passengers have stated there is not enough transparency when using taxicabs, as well as fare estimates that are confusing or too high.

Applicants wanting to be an Uber DP must have their vehicle inspected. The vehicle must be a 2005 or newer model, have four doors and pass a 19-point inspection annually. Oversight by the Public Utilities Commission of Nevada (PUCN) may add a few requirements to the provisions in S.B. 439 to meet safety demands. Since Uber is a technology company, the UA is a digital application that can be monitored consistently. As soon as a DP turns on the UA, we know exactly what goes on at any given moment to “disseminate” clearly between periods for insurance purposes.

I would like to clarify that the Period 3 insurance kicks in as soon as a DP accepts a rider request, not when the passengers get in the vehicle. The Period 3 insurance coverage is \$1.5 million for commercial liability and \$1.5 million for uninsured and underinsured motorist coverage. Uber’s nationwide partnership with PCI and other national carriers reflects the cities and jurisdictions that are codifying regulatory requirements, as well as the insurance industry realizing this is a unique, innovative business model created for TNCs and stepping up to create a framework acceptable to provide standard coverage across the United States.

**Senator Farley:**

How many applicants are turned down for employment? Is there fair competition with other commercial carriers since you do not offer WC or benefits? Are you offering \$100 to anyone coming in to testify?

**Mr. S. Thompson:**

I do not know the specific number of rejected applicants, though I know it is a significant number. We performed approximately 2 million background checks last year, which Uber pays for. Regarding fair competition, quite a few DPs are individuals driving their personal vehicles sometimes for commercial purposes. The average number of hours logged per week by DPs was 18-20. In a traditional taxi model, a driver pays a leasing fee, dispatch fees and takes home a smaller percentage of the fare. Uber’s DPs are independent contractors, get 80 percent of every fare, pay no other fees and are typically part-time. I have no

idea who is offering \$100 for people to testify in favor of Uber. It is certainly not our doing.

**Steve Siger (Uber Technologies):**

Uber DPs have maximum flexibility, no assigned hours or territory, and can work for multiple TNCs if they so choose. Uber shared data with a former member of the President's Council of Economic Advisors, Alan Krueger, now a professor of economics at Princeton. Mr. Krueger studied the earning potential of the Uber drivers and determined that it substantially outpaced traditional transportation models, as well as did accounting for cost of gas and vehicle maintenance.

**Senator Manendo:**

What was the \$100 being advertised for?

**Mr. S. Thompson:**

To my knowledge or my colleagues' knowledge, that advertisement was not done through Uber.

**Senator Manendo:**

Who performs the background checks for Uber? Individuals with a criminal background check have received notification that their history was clear. Does Uber have any DPs that have criminal backgrounds? During the month you did operate in Nevada, what economic benefit did Uber provide to the State?

**Mr. Siger:**

Uber has a very thorough process for background checks. There are three ways in which our process is superior to traditional fingerprinting models. Fingerprinting is maintained and used for criminal justice investigative purposes and is not always current. There are other crimes that do require an individual to be fingerprinted. Uber uses methods that have current data and checks of civil backgrounds as well as criminal. Uber also checks driving records and social security records.

**Senator Manendo:**

What happens when the background check finds a crime committed 20 years ago as opposed to recent history?

**Mr. Siger:**

There is always a balance to maintain safe drivers and not being overly punitive to individuals who committed a crime 20 years ago, served their time, and are trying to reenter society. There are certain red lines Uber will not cross, such as homicide, that will bar an individual from partnering with Uber. For lesser crimes, Uber believes 7 years is a right time limit.

**Mr. S. Thompson:**

Uber did not develop the background check process. We use third party, accredited, national-background-check associations. Uber is the largest private company, by volume, using background check services. Regarding Uber's economic impact, any applicable business taxes and licensing fees would be paid by Uber. Any appropriate tax forms will be provided to DPs, who will pay any associated taxes as independent contractors.

**Senator Atkinson:**

Are DPs considered employees? How do DPs report income?

**Mr. S. Thompson:**

Ubers' DPs are independent contractors and are supplied with IRS Form 1099.

**Senator Atkinson:**

How would Uber contribute to the tax base and the State Highway Fund?

**Mr. S. Thompson:**

As Uber grows, we will set up brick-and-mortar operations with full-time staff to help innovate, grow and sustain the economy. Uber would plan to pay any applicable taxes facilitated by State regulations.

**Mr. Leupp:**

Each DP is subject to a business license fee. Uber estimates 10,000 drivers in Nevada by the end of the first year, each being a small business owner. Uber has 20,000 individuals who have applied to be DPs.

**Mr. Siger:**

Please note that the PUCN will be implementing an application fee and an annual assessment on each TNC to ensure companies are following the set regulations.

**Senator Harris:**

With the number of DPs working with Uber, there must be different levels of sophistication. How many DPs acquire a corporate form, such as a proprietorship or limited liability company (LLC)? For the less sophisticated, does Uber offer any provision to help these individuals understand they are independent contractors and subject to self-employment taxes?

**Mr. Siger:**

I am not aware of any DPs who have acquired corporate forms. Provisions in S.B. 439 are clear that DPs must appropriately register their vehicles and obtain business licenses. Uber has entered into a partnership with H&R Block to ensure that our DPs obtain any needed assistance with their taxes.

**Senator Harris:**

Certain corporate forms will limit some insurance liability. Can a DP add his or her vehicle to an LLC?

**Mr. Siger:**

Regardless of any corporate form a DP chooses to obtain, statutes will be clear as to insurance requirements. If a DP is unable to provide the necessary insurance, the TNC will stand behind the DP in Periods 1 and 2.

**Senator Spearman:**

Regarding the incident report on the accident in San Francisco in 2013 <<http://time.com/3625556/uber-manslaughter-charge-san-francisco/#3625556/uber-manslaughter-charge-san-francisco/>>.The DP was allegedly signed onto the UA and monitoring his phone at the approximate time of the accident; however, Uber commented that there was no reason the DP should have been interacting with the UA. The time frame of period 1 is somewhat gray, will this language be clarified?

**Mr. Stefanitsis:**

The language in S.B. 439, as it stands, will cover the insurance requirements for each specified time period. When a DP has the UA on, yet no passenger in the vehicle, the TNC will maintain coverage in the amount of \$50,000 per person and \$100,000 per accident.

**Mr. S. Thompson:**

With Uber's national partnership with PCI, the bright line has been more clearly defined. The PCI and other major national insurers stand with TNCs in support of the language in S.B. 439. To my knowledge, the personal auto insurance did pay the maximum amount associated with the incident in San Francisco. There is ongoing litigation whereby the case was still waiting for a police report as of this past December. I would like to reinforce that Uber and the partnering national insurers are committed to safety.

**Senator Hardy:**

How do you deal with the hands-free cell phone laws in California and Nevada?

**Mr. S. Thompson:**

We have developed a one-touch application that enables riders to request rides and drivers to indicate they are available to accept the ride. There is no pass code necessary or other reasons to call or text an individual. As soon as a driver accepts a ride request, the application will automatically upload a Google map that will give voice directions. As part of signing on with Uber, a DP can request a kit that includes a digital phone that comes with a stand so the phone will be in front of them instead of having to fumble with their phone. We also advise drivers always to pull over in a safe place if they have any need to be on a cell phone.

**Senator Hardy:**

Is having the phone stand part of your vehicle inspection?

**Mr. S. Thompson:**

We have provided regulations oversight to the PUCN that can revise the vehicle inspection requirements.

**Senator Farley:**

Does Uber track business licenses and personal insurance certificates to ensure DPs are current? Are we creating an industry that takes away from an established industry that does provide WC and benefits? Will the TNC business model create unfair competition?

**Mr. Siger:**

Uber follows up with every DP for possession of valid, current auto insurance, up-to-date inspections and driver's license and history. The moment any of

these requirements expire, Uber is pinged by the respective issuing companies and we immediately deactivate a DP's UA until he or she can show proof of updated requirements. Since a DP is an independent contractor, business licenses and filing of his or her taxes appropriately is the responsibility of the DP. Our partnership with H&R Block offers a DP a reduced rate for tax help so the process is as seamless and easy as possible.

**Mr. S. Thompson:**

Regarding any unfair competition, the unique nature of the TNC model shows that DPs are mostly part-time individuals. One-third of our drivers partner with Uber to supplement their incomes, as they have another full- or part-time job. Most DPs log only 18-20 hours since Uber allows the flexibility with no set work hours or territory.

**Senator Farley:**

Would the TNC business model take away a full-time, established position for new, part-time positions?

**Mr. Leupp:**

We found with the markets we serve, there is no finite amount of drivers or demand, nor is the ratio of full-time to part-time workers one-to-one. Our business in San Francisco has grown to five times the amount of taxi business. A taxi driver does not lose his or her job just because an Uber driver started driving in the same city. Uber is meeting an unmet need for tourists and local residents. Adding TNCs is not a trade-off; it is complementary.

**Senator Manendo:**

Since fingerprint verification can be done online, how can you be sure someone is not giving a false name or social security number?

**Mr. Leupp:**

Uber does not use fingerprinting for background checks. Fingerprinting does not ensure validity of an individual. First, Uber traces social security numbers back 7 years to establish residency. Our third-party, background-check companies have a network of court runners going to the court of the residents' jurisdiction to get background information. Uber does not rely on any single database.



**Richard Bryan (Frias Transportation Management Company):**

The Frias Company is the largest transportation company in Nevada, with 1,000 vehicles, 24,000 employees in Clark County, and an annual payroll of \$57 million. In terms of business taxes, the Frias Company is in the top ten of amount paid to the State. Mrs. Frias started the company more than 40 years ago. The Frias' are an enterprising, hardworking family and good members of the community. Mrs. Frias was an underwriter for one of the largest municipal parks in Nevada, named after her late husband Charlie. Mrs. Frias has been a large contributor to the Clark County public education system.

The Frias family members are Nevadans. They live in the community, they have prospered in the community and take great pride that their company employees and drivers provide safe and efficient transportation. Frias drivers are fully vetted; all vehicles are inspected and have comprehensive insurance coverage. Frias has played a major role in providing transportation to the 40 million tourists coming into our State. Senate Bill 439 is unnecessary, costly and burdensome. Prior to the current legislation, there were violent taxicab wars in southern Nevada in 1969, causing major concern for tourism. Public safety issues are paramount.

The current system is not broken, so there is no need to fix it. The TNCs should operate under the motor carrier system. We do not oppose the digital platform. Many companies licensed under the Nevada Transportation Authority (NTA) or the TA are moving in the direction of developing digital applications. Uber has portrayed itself as a technology company, which makes it different than current companies offering transportation. That is form over substance. In effect, Uber provides the same service; therefore should be regulated under the system.

Risks and public safety are very important in the transportation industry. I would like to show a video from an NBC news section on issues arising from Uber in San Francisco <<http://www.nbcbayarea.com/investigations/Is-Uber-Keeping-Riders-Safe-256438921.html>>.

**Robert List (Livery Operators Association of Las Vegas):**

I will read written testimony from Guy Hobbs ([Exhibit K](#)). The Hobbs Ong & Associates company was approached by the Livery Operators Association to analyze the fiscal and economic impacts associated with the entry of TNCs in southern Nevada.

With that review ([Exhibit L](#)), our analysis offers these considerations:

- It is estimated that the entry of TNCs could cause at least a 30 percent reduction in taxicab operations and in taxes, fees and other charges assessed to the taxicab industry.
- Fees assessed to the taxi industry benefit State and local government, school funding and the TA. Other affected areas include the Modified Business Tax, sales and use tax, vehicle registration fees, Governmental Services Tax, McCarran International Airport pickup fees, NTA medallion fees and other support agencies.
- Research indicates that approximately \$5.6 million would be at risk, annually.
- Although not quantified, other revenue sources that could be negatively impacted are the Insurance Premium Tax, Unemployment Insurance Tax and sales tax on supplies.
- Based upon an assumed direct impact of \$122.8 million to the industry, indirect and induced impacts of \$29.6 million and \$56 million, respectively, could occur.
- Labor income is estimated to be reduced by \$99.6 million annually.
- Job losses are estimated at 1,181 direct, 226 indirect and 440 induced jobs.

All impacts noted result from an estimated reduction in taxi service. These impacts are further based upon the assumption that TNC would not be required to pay the same fees as the regulated taxi industry.

Spending by TNCs would be materially different also, considering the taxi industry retires 20 percent of its fleet annually and replaces those vehicles with new vehicles subject to sales and use tax. The taxi industry employs full-time driver positions with scheduled pay and benefits. The taxi industry pays fees to McCarran Airport and to cover regulations and enforcement. The fiscal and economic impacts estimated here should be offset to some degree by the operation of TNCs. However, there is no verifiable or reliable data that enables this to be quantified. Creating and maintaining employment is a high priority and any action taken should not replace full-time positions with part-time positions.

On a personal note, I concur with Mr. Bryan's comments. I see a phantom company operating without brick-and-mortar facilities. I see no public purpose or

justification in creating a new regulatory structure to handle what could be regulated with current statutes.

**Mr. Bryan:**

To summarize safety issues: limousines and taxicabs have full complete comprehensive insurance coverage; there is no Phase 1, 2 or 3. There are no FBI checks, no vehicle inspections except what S.B. 439 requires once a year, and no drug screening. Transportation network companies are not comparable to the current industry. I will now read the Uber terms and conditions statement ([Exhibit M](#)). It is clear these terms and conditions provide all the safety of a hitchhiker. Uber claims no responsibility for its services or drivers. Would you want one of your loved ones to agree to this disclaimer and feel safe? Uber should follow the same carrier procedures and regulations as have provided safe, efficient service for more than half a century. It is unnecessary, costly and burdensome to develop an entirely new transportation regulatory system when there is one in place that works.

**Mr. Trafton:**

There is no legal barrier for Uber to operate currently in the State. Uber only needs to file an application and follow the proper procedures. Instead, Uber chose to operate in Nevada illegally causing a court case to ensue. A judge ordered that Uber should have filed to operate pursuant to NRS 706.041 since it is a transportation company. It is very clear that Uber is a common carrier. Uber should know that it is subject to the rules and regulations of NRS 706 and *Nevada Administrative Code 706*. I say this because section 28, subsection 2, paragraph (a) of S.B. 439 states that any driver or vehicle for Uber shall be exempt from the provisions of NRS 706. Why should Uber want to be exempt if it did not think NRS 706 applied?

Uber and other TNCs provide transportation from point A to point B. Just because an individual requests a ride through an app instead of a phone call, it does not exempt the company from being regulated by NRS 706. There is newly created language in NRS 706 that addresses the use of apps by taxicab and limousine companies. Taxi and limo companies are contracted by fully vetted companies in Nevada. One other issue is Uber's price surging. Uber changes its price structure dependent on demand.

**Jonathan Schwartz (Nevada Yellow Cab Corporation; Nevada Checker Cab Corporation; Nevada Star Cab Corporation):**

My family partners and I have been in the transportation business in Las Vegas for almost 30 years and we oppose S.B. 439. Yellow, Checker and Star cabs has approximately 2,000 employees. Nevada employs almost 15,000 individuals in the transportation industry. We are proud to be rated the No. 1 taxi industry in the United States. We provide well-paying transportation jobs, to the envy of other U.S. cities. My employees enjoy health and life insurance, a 401k retirement plan, vacation pay, safety bonuses and other benefits. Drivers for TNCs enjoy none of the foregoing and are not even assured of minimum-wage pay.

Tourism is the lifeblood of our economy. The Legislature put safeguards in place to be certain the transportation industry protects the public. These safeguards start with the employer-driver relationship. In Las Vegas, the drivers are employees, which is not the case in any large city in the Nation. Legislation required employee drivers so the employers would be responsible for drivers' negligence. We now install cameras on the dashboards of taxicabs to capture any unsafe driving incidents and to be used as training videos. We also install accident avoidance systems and have started implementing driving simulators to train drivers for dangerous conditions. There is no evidence of TNCs using any of these safety features and will not do so because TNCs are trying to avoid any liability with independent contractor drivers.

Independent contractor drivers (ICD) are simply a ploy by TNCs to avoid liability for accidents, avoid paying minimum wage, social security, WC and other benefits. With ICDs, TNCs follow a duty-avoidance model that should not be condoned in Nevada. All transportation drivers should operate on a level playing field. There should be no special deals for a transportation provider that refuses to be recognized as a transportation company to avoid liabilities. The driver/employee model is what protects the riding public as all Nevada's safety precautions flow directly from this model.

Nevada's system requires FBI background checks, drug screening and Nevada Department of Transportation physical exams before drivers are permitted on the road. With more than 30 percent of prospective drivers who fail drug screening, TNCs have subjected the public to horrific safety issues and with drivers found to be felons. This Committee should insist that Nevada's safety

standards be maintained as is. Senate Bill 439 provides a lesser safety standard endangering the entire riding public, which will mar Nevada as a whole.

All drivers in Nevada accept their duty as common carriers, whereas TNCs do everything to avoid responsibility. The TNC model is focused on erasing all barriers to driver procurement, and the business practices do not meet Nevada's standards. The transportation industry is sensitive to residents and tourists alike, so much so that the TA has authorized 160 dedicated neighborhood medallions in Las Vegas. Dedicated medallions (DMs) may not pick up at airports, the Las Vegas Strip or convention centers. The DMs are truly for locals and can be accessed via a centralized dispatch service or an app.

We are in the process of testing our own e-hail app which will provide great neighborhood service. Senate Bill 439 is simply unnecessary as it duplicates the duties of the TA and NTA with another regulatory body which will burden the State with more expense. Uber should apply with the TA and NTA like the 300-plus companies that have received licensure. I am also submitting my position statement ([Exhibit N](#)).

**Mr. Bryan:**

I would like to present information stating 68 percent of Nevada's constituents, and 70 percent of Clark County constituents support requiring Uber and Lyft to follow the same regulations as local taxi companies ([Exhibit O](#)).

**Senator Farley:**

Is there any information or survey regarding taxi service?

**Mr. Schwartz:**

There is no information available because the common carrier transportation industry is responsible and we follow rules and regulations under the law. If our companies or drivers are negligent, we are responsible. The terms read by Mr. Bryan are from the Uber contract that a user must agree to. I guarantee that 99.9 percent of individuals have no idea what they agreed to in the Uber terms and conditions.

**Senator Manendo:**

Do taxi drivers get a fingerprint background check?

**Mr. Schwartz:**

Yes, we do FBI background checks and drug testing.

**Senator Atkinson:**

Would there be any opposition by the TA if Uber operated under the same regulatory rules?

**Mr. Schwartz:**

I do not believe Uber would submit to the regulations since the regulations do not meet its business plan.

**Senator Atkinson:**

Would you oppose Uber if it operated under the same structure?

**Mr. Schwartz:**

As currently composed, I would oppose Uber in Nevada.

**Senator Hardy:**

Has there been any discussion about the challenges of rural locals in getting rides?

**Mr. Schwartz:**

The recent addition of DMs will help alleviate the necessity of the rural communities in Clark County.

**Chair Settlemeyer:**

Can you advise how much revenue or profit was lost during the month Uber operated in Clark County versus the same month in 2014?

**Mr. Schwartz:**

I will try to access that information and send it to you.

**Senator Atkinson:**

Why would you oppose Uber if it operated under the same regulations?

**Mr. Schwartz:**

Uber does not provide the proper safeguards, and Uber refuses to do so.

**Senator Spearman:**

Of the DMs that have been added, how many cabs would be dedicated to North Las Vegas?

**Mr. Schwartz:**

The 160 DMs will be split geographically throughout Las Vegas. As the market dictates, we can request more DMs from the TA.

**Chair Settlemeyer:**

When is the last time a new, competing taxi company entered the market?

**Mr. Schwartz:**

Recently a large transportation company, called Supershuttle, was licensed. This new company was not opposed because it followed the correct procedures. I do not know the year the last new taxi company came to Nevada.

**Senator Atkinson:**

If Supershuttle was not objected to, why would you object to Uber if it came into the Nevada market the same way?

**Mr. Schwartz:**

I cannot answer that question.

**Senator Farley:**

Have you studied and understand the market outside The Strip enough to know that 160 additional DMs will be sufficient?

**Mr. Schwartz:**

It is the job of the TA to assess the need for DMs. It is our intent to serve every part of Las Vegas; therefore, if we need more DMs, I will be asking the TA to release more.

**Senator Spearman:**

How many years has it been since there has been a competitive taxi company enter your market area?

**Mr. Schwartz:**

I cannot think of any competitive taxi companies that have entered this area. We are continually rated the No. 1 taxi industry in the United States.

**Carolyn (Lina) Tanner (Commission General Counsel, Public Utilities Commission of Nevada):**

The PUCN is neutral on S.B. 439. We worked closely with the sponsors to develop appropriate language. It is provided that the PUCN would regulate the TNC industry to oversee and ensure safe, reliable and cost-effective service to consumers. One area of concern is the annual permitting process would prove to be a burden on any regulatory agency and the industry itself. The PUCN would issue certificates of public convenience, which remain as long as the company is active. These certificates can be modified as elected by the company, and the certificates can be revoked as necessary. If a "permit" is required, the PUCN requests the renewal period is not less than 5 years.

In section 11, subsection 2, the PUCN would like to replace language regarding annual assessments to standardized PUCN language that is accepted by competitive industries. A suggestion for section 13 is to allow the PUCN to address consumer complaints by requiring the TNC industry have a registered agent in this State with the same hours as the PUCN. Regarding vehicle inspections, the 19-point inspection is not clearly defined in S.B. 439. We would like to include broad regulatory authority to allow the PUCN to set forth what may be required in any safety inspection. The PUCN prepared a fiscal note allowing the initial application fees in the first year to fund the Commission's need to get the regulatory oversight initiated. Annual assessment fees would pay the cost to oversee the TNC program going forward.

**Senator Atkinson:**

How much is the fiscal note?

**Crystal Jackson (Executive Director, Public Utilities Commission of Nevada):**

The total cost of the fiscal note is \$2.9 million for the biennium; however, there is no fiscal impact to the State as it would be paid by the TNC industry.

**Senator Spearman:**

Regarding the changes you are requesting to S.B. 439, how does that differ from the TA in terms of protecting the public?

**Ms. Tanner:**

I have not studied the TA procedures. My job was to determine how we would fit regulations into the PUCN procedures. Broadly, the proposed regulation is a framework that works within how the PUCN traditionally regulates. The



Commission would be overseeing records, have broad investigatory power into consumer complaints and other standardized powers. The bill, as submitted, focuses on the company's requirements to ensure DPs meet certain requirements and background checks are up to date. The PUCN would have authority to withdraw or revoke any permit, keeping any driver or the company itself from operating in Nevada.

**Jacques Sellam (Uber Technologies):**

I support S.B. 439 because Uber provides better service and prices for local residents. Overall, Las Vegas was built on competition. Without competition, Las Vegas would not have so many casinos, attractions and restaurants.

**Ayalew Tadesse (Uber Technologies):**

I drove a taxi for 7 or 8 years. Drivers have been fighting with the cab companies for the last couple of years. Cab companies in Las Vegas do not have decent working practices. Taxi companies in Las Vegas and Carson City will contact the TA and leave out the drivers. What the taxi companies are telling the Committee is very different from what really happens. Drivers are treated very badly; therefore, I support having TNCs so I and other drivers can make a difference. Uber offers more opportunity to support the community.

**Mr. Clark:**

The big picture is that Uber is able to work here today as a technology firm. Uber can work with regulated, fully licensed carriers to offer services. If Uber is truly a technology company, it should be working with the companies that exist. It would be less expensive for the small business owner if we did not need to pay minimum wage, any business payroll taxes, WC or benefits. Yet Uber will not be paying any of these regulated fees by having a two-tier system where common carriers have one set of rules and the TNCs have another.

If S.B. 439 passes, it will allow other businesses and industries to do the same thing. Some company will come in to connect builders to the community, yet that building industry will not be forced to follow regulations that all other builders have to follow. This is not fair competition and it is not American. This bill will only create more underpaid Americans in Las Vegas instead of providing full-time jobs. If you change the rules for one part of the business, you have to change the rules to include the entire industry. If Uber entered the industry under the current structure, we would welcome them. Consumers love Uber and

Uber would be a great asset in Nevada to provide superior service. Uber needs to stop trying to change the rules just to make more money.

**Michael Bailin (Yellow Checker Star Transportation):**

I will provide a brief summary of my written testimony ([Exhibit P](#)). I have been in the taxicab industry for 23 years and oppose S.B. 439. What I thought would be a temporary job, ended up being the best job I ever had. Working in this industry allowed me to put my wife and four children through college. I earn a good living and receive a full benefit package and retirement plan. The taxicab business is a solid industry in Las Vegas. If Uber is allowed in Nevada, it will change the taxicab industry in a bad way. Uber does not offer the same opportunities or advantages as the taxi industry.

**Chair Settlemeyer:**

As we did not have time to hear all parties, I would like to list the following documents as exhibits: The Consumer Electronics Association has submitted a letter of support ([Exhibit Q](#)). Dennis Whitehead has provided testimony in opposition ([Exhibit R](#)). The Reno-Tahoe Airport Authority has provided testimony ([Exhibit S](#)) and a proposed amendment ([Exhibit T](#)). The Clark County Department of Aviation has provided testimony ([Exhibit U](#)) as well as a proposed amendment ([Exhibit V](#)). Property Casualty Insurers Association of America is proposing an amendment ([Exhibit W](#)), and US Ride-Hail Driver's Association sent in a letter of concern ([Exhibit X](#)).

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**Chair Settlemeyer:**

I will now close the hearing on S.B. 439. With no further business, the meeting is adjourned at 11:56 a.m.

RESPECTFULLY SUBMITTED:

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Renee Fletcher,  
Committee Secretary

APPROVED BY:

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Senator James A. Settlemeyer, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness or Agency</b>	<b>Description</b>
	A	1		Agenda
	B	21		Attendance Roster
S.B. 440	C	5	Robert Compan	Proposed Amendment
S.B. 440	D	2	Mark Sektnan	Written Testimony
S.B. 440	E	5	Robert Compan	What is Lyft?
S.B. 440	F	3	Jennifer Gaynar	Proposed Amendment
S.B. 440	G	1	Lindsay Knox	Proposed Amendment
S.B. 440	H	2	Mark Cameron	Written Testimony
S.B. 439	I	1	Steve Thompson	Video
S.B. 439	J	24	Steve Thompson	Slideshow Presentation
S.B. 439	K	2	Robert List	Written Testimony
S.B. 439	L	17	Robert List	Fiscal impacts of TNCs
S.B. 439	M	1	Richard Bryan	Uber Terms and Conditions
S.B. 439	N	10	Jonathan Schwartz	Position Statement
S.B. 439	O	1	Richard Bryan	Polling Memorandum
S.B. 439	P	2	Michael Bailin	Written Testimony
S.B. 439	Q	2	Senator James A. Settelmeyer	Letter from Consumer Electronics Association
S.B. 439	R	2	Senator James A. Settelmeyer	Written testimony from Dennis Whitehead
S.B. 439	S	2	Senator James A. Settelmeyer	Testimony from Reno-Tahoe Airport Authority
S.B. 439	T	15	Senator James A. Settelmeyer	Proposed Amendment from Reno-Tahoe Airport Authority
S.B. 439	U	1	Senator James A. Settelmeyer	Testimony from Clark County Department of Aviation
S.B. 439	V	1	Senator James A. Settelmeyer	Proposed Amendment from Clark County Department of Aviation

EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
S.B. 439	W	1	Senator James A. Settlemeyer	Proposed Amendment from Property Casualty Insurers Association of America
S.B. 439	X	2	Senator James A. Settlemeyer	Letter from US Ride-Hall

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