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 **CalChamber**
CALIFORNIA CHAMBER OF COMMERCE



NetChoice



April 13, 2016

The Honorable Jim Beall
Chair, Senate Transportation and Housing Committee
State Capitol, Room 5066
Sacramento, CA 95814

**RE: SB 1035 (Hueso) - Burdensome ridesharing regulations
OPPOSE**

Dear Chairman Beall,

We write to you to express our strong **OPPOSITION** to **SB 1035 (Hueso)**, a bill that was gut-and-amended recently to impose a broad swath of new, burdensome, and unnecessary regulations on popular transportation network companies (TNCs), which will stifle ridesharing in California at the expense of consumers, workers, the environment, and local economies.

Unfortunately, this legislation does nothing to relieve the taxi industry from what they argue are onerous regulations, but rather attempts to dismantle an industry that is providing thousands of Californians work opportunities and transportation options. The bottom line is that SB 1035 adds layers of new statutory requirements for the purpose of severely limiting TNCs, with an end result that benefits no one in the State but taxi company owners.

SB 1035 has numerous flaws, described in greater detail below.

SB 1035 Will Dismantle the TNC Model, Moving California Backward

SB 1035 attempts to treat TNCs like regulated utilities that require an extensive, multi-year rulemaking process to establish or alter rates. There is no comparison between utilities and TNCs in their functionality or service. However, this bill's rigid rate-setting would essentially kill consumer choice by preventing TNCs from competing to offer consumers an affordable and attractive product. Furthermore, it simultaneously kills innovation because TNCs would no longer be able to utilize new rate structures to promote uses that benefit both drivers and passengers.

The California Public Utilities Commission's (CPUC) complex rate-setting process does not make sense for TNCs. Rate-setting is intended for utilities that operate as monopolies, where the consumer has no choice but to purchase electricity, gas or water from the utility that serves their home. If a consumer thinks their electricity costs are too high, their only options are to complain to the CPUC or stop using electricity.

TNCs, on the other hand, operate in a highly competitive marketplace with ever-growing consumer choice. If a consumer does not like the prices of a particular company, they can choose a different company, a different product (taxi instead of TNC), or a different mode of transportation (light rail or bus instead of TNC). Consumers have the ability to take their business elsewhere, meaning that TNCs and other charter party carriers are constantly competing to offer the best service at the most affordable price. As such, rate-setting by the CPUC makes no sense.

SB 1035 Will Eliminate Carpooling Options

SB 1035 will limit current carpooling options – one of the most exciting recent innovations – because the legislation restricts the ability of TNCs to use the flexible and transparent pricing that underlies services like uberPOOL or Lyft Line. These services connect multiple passengers together to share a single vehicle by matching in real-time riders and drivers on similar routes. This innovation has proven to be popular for consumers and there is a study currently underway by the University of California Berkeley and the NRDC analyzing the impacts of uberPOOL and LyftLine on reducing the number of vehicles on the road. The study is expected to be released this year. However, SB 1035 would effectively halt such services that may reduce traffic congestion and greenhouse gas emissions.

SB 1035 Violates the Privacy of Drivers and Riders

SB 1035 disregards the rights of drivers and consumers by allowing the CPUC unfettered authority to “collect any necessary data from a transportation network company.” There are no boundaries to what is “necessary” and provides no security or privacy protections. In fact, the bill requires the CPUC to consider sharing this data with local governments and others. This is a direct attack on TNC riders and drivers as well as the companies themselves. It also opens the door for proprietary technology to be compromised and openly provided to other companies.

SB 1035 Limits the CPUC from Determining the Best Public Safety Requirements for TNCs

SB 1035 removes the CPUC’s decision-making authority on TNCs background checks. The rigid language ties the hands of CPUC staff. Rather than analyzing and determining the best way to keep drivers and riders safe before, during, and after a trip, it effectively mandates a prescriptive background check method that has not been updated in decades.

SB 1035 Harms Consumers

SB 1035 is a thinly veiled attempt to move California backward to an era where consumers had limited transportation options. Millions of Californians have chosen to use TNCs to move around their community and make additional income for their families. SB 1035 would end all of this progress. The provisions of the legislation are unworkable and do not improve the quality of life of Californians or our economy.

Rather than pursue punitive legislation, the California Legislature should embrace companies like Lyft and Uber, who are not only improving the future of transportation, but are driving economic growth and job creation in cities all around the State.

For these reasons and more, we are in strong opposition to **SB 1035 (Hueso)**, and strongly urge you to vote **NO** on this legislation when it comes before you.

Sincerely,

Application Developers Alliance
CalChamber
Internet Association
Lyft
NetChoice
TechNet
Uber

cc: Senator Ben Hueso, Author
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