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Memorandum

TO: Legislation Committee DATE: May 1, 2015

FR: Executive Director W. I. 1131

RE: AB 1360 (Ting) / AB 828 (Low): Removal of Restrictions Facing Transportation Network Companies

Background

AB 1360 (Ting) allows drivers working for app-based, on-demand ride services, such as Lyft, Uber and Sidecar to charge fares on an individual passenger basis, rather than strictly on a mileage or time-of-use basis, as is currently required for "charter-party carriers." The rationale for the bill is to make it clear that drivers for "transportation network companies" (TNCs) — as they are termed by the California Public Utilities Commission — may pick up multiple passengers from multiple pick-up spots traveling to similar destinations. Under current law, exceptions to the charging rule are granted to school bus operators and operators of round-trip sightseeing tour services. AB 1360 would add an exception for TNCs as long as the vehicle seats no more than seven persons, including the driver, the trip is a prearranged route, and the fare charged to an individual passenger sharing a ride is less than it would be for a single passenger taking the same ride alone.

AB 828 (Low) states that a motor vehicle operated in connection to a TNC is not a commercial vehicle. This bill is in response to a memo released by the Department of Motor Vehicles (DMV) last January – and subsequently retracted one week later — that such vehicles must be registered commercially. Current law provides an exception for vanpools; AB 828 would simply broaden that exception to vehicles operated for TNCs. DMV's retraction notice stated that they had "jumped the gun" by issuing the initial memo declaring such vehicles to be commercial vehicles.

California has taken a number of steps to regulate TNCs, most recently with the enactment of AB 2293 (Bonilla, 2014) requiring minimum insurance coverage of $1 million per incident coverage for incidents involving TNC vehicles and drivers in transit to or during a TNC trip. Similar legislation is under consideration elsewhere as states scramble to ensure that consumer safety and insurance coverage is adequate for this new mobility option.

Recommendation: Support

Discussion

These bills provide greater certainty to TNC companies to continue their current operations without the threat of litigation or new regulations. As noted AB 1360 explicitly allows the shared rides, which are an increasingly popular option taken by customers and drivers alike. According to Lyft, their carpool service, Lyft Line, now represents more than 50 percent of all Lyft rides in the SFO market area. Similarly, AB 828 stipulates that vehicles operated as part of TNCs may be registered as personal vehicles, which is the common practice today.

Considering the increasing role that TNCs are playing to deliver convenient mobility options to Bay Area residents as well as residents across the state, including making it easier for some to carpool and access transit as well as their final destinations, staff recommends support for these bills. According to a University of California Transportation Center (UCTC) paper published in November 2014, this new option "meets a latent demand for urban travel, appealing to generally younger, well-educated users looking for short wait times and fast point-to-point service, while avoiding the inconveniences of driving."

With respect to public transit, the report noted, "ridesourcing competes with public transit for some individual trips, but often appears to serve as a complement. The majority of ridesourcing trips would have taken more than twice as long if made by public transit." Data supplied by Lyft supports the idea that its services help complement transit. Specifically, 22 percent of its rides in the Silicon Valley market area (peninsula and San Jose) start or end at one of 13 Caltrain stations in the area while 24 percent of its rides in the SFO market area (San Francisco and East Bay) begin or end within close proximity to a BART or CalTrain station. For the reasons outlined above, we recommend a support position on these bills.

Known Positions

AB 1360

Support

Internet Association (Sponsor)
TechNet (Sponsor)
Lyft
Uber
Sidecar
Bay Area Council
Clean Coalition
Climate Resolve
Coalition for Clean Air
Environmental Defense Fund
Natural Resources Defense Council
Planning and Conservation League
SPUR
TransForm

Oppose

San Francisco Taxi Workers Alliance
Livery Association

AB 828

Support

Lyft
Uber
Sidecar

Oppose

Steve Heminger

SH: RL
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