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**Senate Committee on Financial Institutions and Insurance
Testimony of Art Diaz, Enterprise Car Rental
Support for SB 352
February 13, 2020**

Thank you, Senator Olson and Members of the Senate Committee on Financial Institutions and Insurance for allowing me the opportunity to present testimony in support of SB 352. My name is Art Diaz and I am the Group Controller for Enterprise Holdings here in Kansas. Our company owns the Enterprise, National and Alamo car rental brands. I appreciate the opportunity to be here and voice our support for SB 352.

We were founded in the mid-west, and we are still headquartered here. We invest here, we hire people here and we pay taxes here. We're committed to this state. We currently employ 500 Kansans, have 54 locations and utilize a fleet of more than 8,150 cars in Kansas alone.

We also are bullish and excited about the future ... and what technological advances are doing to innovate new ways of delivering transportation services, particularly in our industry. This includes what is commonly referred to as peer-to-peer car rental. This business model allows private individuals – or other owners of fleets - to share their cars, SUVs and trucks with online platforms, which in turn publicly advertise and rent those vehicles to consumers via a retail transaction.

SB 352 would provide a framework to recognize peer-to-peer (P2P) car sharing arrangements and to protect Kansas consumers regarding issues of safety and insurance coverage. It provides transparency and a level playing field between P2P car sharing and other car rental providers.

As there are three parties- the vehicle owner, the business platform, and the renter- legislation is necessary to outline who is responsible when and for what. SB 352 creates a framework that recognizes the unique insurance needs of this business model (as the Kansas Legislature did several years ago when it passed the Kansas Transportation Network Company Services Act, K.S.A. 8-2702.)

SB 352 is based on model legislation adopted last December by the National Conference of Insurance Legislators (NCOIL) and which, after more than a year of discussions and negotiations, was supported by associations representing auto insurance companies, rental car companies, and major P2P providers. I have attached the draft minutes of the NCOIL, December 13, 2019 meetings where both representatives of both Enterprise and Turo, and others endorsed this compromise model.

The NCOIL model serves to ensure consumers of P2P car rentals have the same protections, such as contract disclosures, as do customers of traditional car rental companies.

Additionally, while the model insurance language adopted by NCOIL did not specifically include other elements concerning this issue – namely taxes and airports, the resolution did recognize that these areas would likely be addressed and considered by state legislatures.

Therefore, Section 14 of SB 352 gives airports in Kansas clear authority to regulate all companies seeking to do business at airports, or who serve airport customers. The first four lines of page 6 reiterate that these transactions are subject to current sales and tax laws. This is not a new tax, but our own existing sales tax that already applies to leasing tangible personal property. These two items were NOT addressed in the NCOIL model.

SB 352, in its totality, will allow the peer to peer market to thrive while maintaining a robust competitive and fair marketplace.

On behalf of Enterprise, I would urge your support for SB 352.

Sincerely,

Art Diaz

NATIONAL COUNCIL OF INSURANCE LEGISLATORS
PROPERTY & CASUALTY INSURANCE COMMITTEE
AUSTIN, TEXAS
DECEMBER 13, 2019
DRAFT MINUTES

The National Council of Insurance Legislators (NCOIL) Property & Casualty Insurance Committee met at the JW Marriott Hotel in Austin, Texas on Friday, December 13, 2019 at 3:30 p.m.

Representative Edmond Jordan of Louisiana, Chair of the Committee, presided.

Other members of the Committees present were:

Asm. Ken Cooley (CA)	Sen. Gary Dahms (MN)
Sen. Jack Tate (CO)	Sen. Paul Utke (MN)
Rep. Richard Smith (GA)	Sen. Paul Wieland (MO)
Rep. Martin Carbaugh (IN)	Rep. George Keiser (ND)
Rep. Matt Lehman (IN)	Sen. Jerry Klein (ND)
Rep. Joe Fischer (KY)	Asm. Kevin Cahill (NY)
Rep. Bart Rowland (KY)	Asm. Andrew Garbarino (NY)
Rep. Dean Schamore (KY)	Asw. Pam Hunter (NY)
Sen. Dan "Blade" Morrish (LA)	Del. Steve Westfall (WV)

Other legislators present were:

Rep. Deborah Ferguson (AR)	Sen. Andy Zay (IN)
Rep. Matt Gray (CO)	Rep. Bruce Grubbs (MT)
Sen. Matt Lesser (CT)	
Sen. Dan McConchie (IL)	

Also in attendance were:

Commissioner Tom Considine, NCOL CEO
Paul Penna, Executive Director, NCOIL Support Services, LLC
Will Melofchik, NCOIL General Counsel
Cara Zimmermann, Assistant Director of Administration, NCOIL Support Services

QUORUM

Upon a motion made by Rep. George Keiser (ND) and seconded by Sen. Gary Dahms (MN), the Committee waived the quorum requirement without objection by way of a voice vote.

MINUTES

Upon a motion made by Rep. Martin Carbaugh (IN), and seconded by Asm. Andrew Garbarino (NY), the Committee approved the minutes of its July 12, 2019 meeting in Newport Beach and its November 19, 2019 interim committee conference call meeting without objection by way of a voice vote.

DISCUSSION ON NCOIL PEER-TO-PEER CAR SHARING PROGRAM MODEL ACT

Rep. Bart Rowland (KY), Sponsor of the NCOIL Peer-to-Peer Car Sharing Program Model Act (Model), stated that this Committee had a very productive discussion on this issue at its meeting in July in Newport Beach. At that meeting, what guided the discussion was a document, previously negotiated between peer-to-peer (p2p) car sharing companies and the American Property Casualty Insurance Association of America (APCIA), that has already served as the basis for some state p2p car sharing legislation. Rep. Rowland stated that he decided to use that document as the basis for the first draft of the Model. However, since several states are looking to adopt legislation on this issue in 2020, Rep. Rowland stated that he thought it was prudent to move quickly.

Therefore, Rep. Rowland stated that he asked NCOIL staff to put together an interim conference call meeting of this Committee, which was held just before Thanksgiving. Rep. Rowland noted that during that meeting he introduced some amendments to the Model which resulted in both sides of this issue coming to near unanimous agreement which is the version of the Model ready for discussion today. Rep. Rowland noted that since that call there has been some talk about perhaps making further amendments to the Model but stated that he believes that the Model is strong as-is and is ready to proceed to a vote. Accordingly, Rep. Rowland stated that he looks forward to the discussion today and noted to the Chair that he would entertain a Motion to adopt the Model as-is.

Ethan Wilson, Gov't Relations Manager & Senior Legislative Counsel at Turo, stated that he believes the Model is a very good piece of legislation and noted that it is important to not lose sight of the fact that it is a Model. Every state is going to have its own unique process for tailoring the Model and adopting it as appropriate for that state. Moving forward, there will certainly be issues in states that will be addressed that are not contemplated in the Model, but states offer the forum to have that debate. Mr. Wilson stated that Turo supports the Model and noted that it has been through negotiation for almost two years. Turo has seen the Model go through trial-by-fire in the 2019 legislative session and the Model came out a better piece of legislation due to that. Mr. Wilson thanked Rep. Rowland for his leadership on this issue as well as the Committee for its work on the Model.

Tomi Gerber, VP of Gov't & Public Affairs at Enterprise Holdings, thanked Rep. Rowland for his leadership and stated that the insurance aspects of p2p legislation generally are the greatest number of words on paper that have to be resolved in any state's legislative effort to deal with p2p car sharing. From Enterprise's perspective, it has been engaged in the p2p issue for four years state-by-state and Ms. Gerber noted that she is happy to state that the insurance language in the Model is one of the least contentious issues. The insurance framework is so important to get right and credit is due to the p2p companies and the insurance industry for coming together and putting forth a great framework for how insurance is handled. What allowed Enterprise to come to the table and support the Model was Rep. Rowland's leadership in bringing forth the "Scope" section in the Model. Ms. Gerber stated that the Model clearly calls out that states must reconcile other issues that are not just insurance issues as part of dealing with p2p car sharing activity comprehensively. So, whether it is airport authority to regulate p2p car sharing companies, tax implications, or other consumers protection issues, Enterprise sees that Model as the framework to bolt on those other issues state-by-state. Ms.

Gerber thanked Rep. Rowland and NCOIL staff for bringing forth the “Scope” section in order to eliminate obstacles and enable Enterprise to support it.

Frank O’Brien, VP of State Gov’t Relations at APCIA, stated that NCOIL is once again taking a leading role in the emerging sharing economy with this Model. The Model builds upon the expertise that NCOIL demonstrated when it worked to develop a transportation network company (TNC) Model act. NCOIL has again distinguished itself by developing very positive public policy on p2p issues. APCIA thanks Rep. Rowland for his leadership on this issue and APCIA believes that the Model is a good piece of legislation and would like to have the Model available to the states, noting that it is Model legislation and when it arrives in states it provides a good framework. Like all Model legislation, this Model provides a starting point and there may need to be certain changes to the Model state-by-state. APCIA supports the Committee’s adoption of the Model.

Erin Collins, Asst. VP of State Affairs at the National Association of Mutual Insurance Companies (NAMIC), thanked Rep. Rowland and the Committee for its work on the Model. NAMIC agrees that the Model is a strong piece of legislation and while NAMIC has submitted some amendments that it believes improves the Model - one which NAMIC believes solves a potential problem – NAMIC supports the Model and urges the Committee to adopt the Model with or without the amendments.

Rep. Matt Gray (CO), stated that Colorado has passed legislation that is very similar to the Model. Rep. Gray stated that p2p car sharing is a tricky issue to get through but CO ended up with broad bipartisan consensus around the issue because p2p car sharing is a service that exists in a great number of states and some of the backstops that have been put in place don’t exist in other states such as insurance requirements and safety requirements. The process of working with stakeholders was challenging but CO got through it and it is something that every state should take a look at because p2p car sharing is a very logical step in the modernization of our economy. Letting people take vehicles that are not being used and putting them into use is good not just for the people who are able to access the vehicles and for those who can make money off a vehicle that would otherwise be idle, but it also helps us in the much broader sense of having a more efficient use of roads.

Rep. Gray noted that he is Chair of the CO House Committee on Transportation and Local Government and stated that CO struggles, as many states do, with finding funding for transportation infrastructure. One of the ways to mitigate the struggles is to have more efficient uses of roads and having fewer idle vehicles. Rep. Gray again noted that p2p car sharing is a unique situation where the services exist whether or not there are safeguards put around them so safeguards should in fact be put in place moving forward.

Rep. Gray acknowledged that p2p car sharing issues will be state specific. For instance, CO has unique fiscal restraints that nobody else in the country has and it would not make sense to write those things into a Model law. The issues that had to be negotiated in CO would not make sense in other states. However, when you can create any level of uniformity and predictability for consumers of these services it makes sense. Rep. Gray stated that the foundational part of this issue is that we need to make p2p car sharing make sense for people to use the services and to have reasonable expectations of the kind of protections they are going to have when they use the services which people are

used to when it comes to other transit services. If you pay someone to have access to transportation, there is a base level of safety and insurance protections that people expect and which should be in p2p car sharing without removing the aspects of p2p car sharing that create more efficiency than other forms of transportation. Rep. Gray applauded the work of the Committee and recommended that the Committee adopt the Model as the experience in CO surrounding these issues has been very positive.

Upon a Motion made by Rep. Joe Fischer (KY) and seconded by Asm. Ken Cooley (CA), NCOIL Treasurer, the Committee voted to adopt the Model without objection by way of a voice vote.