

STATE OF COLORADO

OFFICE OF THE GOVERNOR

136 State Capitol Building
Denver, Colorado 80203
Phone (303) 866 - 2471
Fax (303) 866 - 2003



John W. Hickenlooper
Governor

June 5, 2014

The Honorable Colorado Senate
Sixty-Ninth General Assembly
State Capitol Building
Denver, Colorado 80203

Dear Colleagues,

Today, as we sign into law Colorado's Transportation Network Company Act, we celebrate and affirm that Colorado is open for business as a place where entrepreneurs and tech-savvy innovators can thrive. We welcome UberX and Lyft and other ride-share companies that will provide Coloradans with a convenient and affordable new transportation option. Colorado also welcomes the new job opportunities created for those drivers who want to use their own vehicles to become business partners with transportation network companies.

We congratulate the sponsors of the Act and the other legislators who helped pass this landmark legislation. Together we have found a way to authorize and regulate transportation network companies, balancing openness to new business modalities with the need for limited safeguards. Colorado once again is in the vanguard in promoting innovation and competition while protecting consumers and public safety.

Colorado now turns to the challenging task of implementing the Act. Most of the implementation work will be done by the Public Utilities Commission because the Act grants to the PUC very broad authority to promulgate rules to ensure that transportation network companies and their drivers are operating in a safe fashion. We encourage the members of the PUC to review in particular how enabling rules could enhance public safety by requiring inspections of vehicles by certified mechanics and by limiting the number of hours a driver can be on duty.

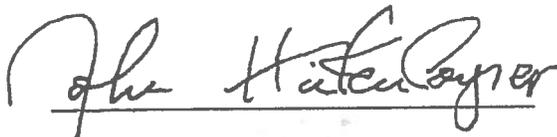
The minimal level of insurance that transportation network companies and/or their drivers must provide during the time when a driver is soliciting rides but has not yet been matched with a rider has been the focus of much debate. While other commercial passenger carriers must maintain commercial insurance at all times and at levels determined appropriate by the Public Utilities

Commission (currently ranging from \$500,000 to \$1 million), from its effective date until January 15, 2015, the Act permits a transportation network company to provide only the minimum insurance required by law for drivers not engaged in commercial activity (\$25,000 for bodily injury per person with a \$50,000 maximum per incident and \$15,000 for property damage). And while the Act doubles this minimum insurance requirement to \$50,000 for bodily injury per person with a \$100,000 maximum per incident and \$30,000 for property damage after January 15, 2015, these insurance requirements may not be sufficient to adequately protect the public. We are pleased, however, that the Act will require the Colorado Division of Insurance to conduct a study to determine whether these coverage amounts are adequate and report its findings to the General Assembly by January 15, 2015. If the findings of this study demonstrate that these coverage amounts are too low, the General Assembly will need to increase them during the 2015 legislative session. The Division of Insurance also should examine and report out on whether the requirement in the Act that transportation network companies and/or their drivers must provide at least \$1 million in primary liability insurance coverage during prearranged rides is the right amount.

We are also concerned that drivers for transportation network companies will be subject to background checks performed by private companies that rely only upon publicly available information, rather than the stringent fingerprint background check for drivers of other passenger carriers performed by the Federal and Colorado Bureaus of Investigation. We ask the staff of the Public Utilities Commission to monitor this issue over time and report any identified problems to the Governor's Office.

And finally, in light of the advent of transportation network companies and other new transportation options available in Colorado today, we believe it is appropriate for the Public Utilities Commission to re-examine its common carrier regulations and consider whether the regulatory burdens Colorado currently places on taxis and limousines are appropriate and necessary. Consumer protection is a worthy goal that we endorse, but rules designed to protect consumers should not burden businesses with unnecessary red tape or stifle competition by creating barriers to entry.

Sincerely,

A handwritten signature in black ink, reading "John Hickenlooper". The signature is written in a cursive style with a horizontal line underneath the name.

Governor John Hickenlooper