



PAUL S. BAUMBACH
STATE REPRESENTATIVE
23rd District

**HOUSE OF REPRESENTATIVES
STATE OF DELAWARE
411 LEGISLATIVE AVENUE
DOVER, DELAWARE 19901**

COMMITTEES
Revenue & Finance, Chair
Economic Development, Banking, Insurance &
Commerce
Health & Human Development
Natural Resources & Energy
Technology & Telecommunications
Transportation

**House Revenue & Finance
06.13.23**

This committee meeting has been recorded and may be accessed via legis.delaware.gov

Chair Baumbach called the meeting to order at 12:36 p.m. Members present included Chair Baumbach, Vice Chair Dorsey Walker, Griffith, Johnson, Williams, Wilson-Anton, Gray, Smith, Spiegelman. For a list of guests present, please see the attendance list below.

Chair Baumbach introduced **HB 208, AN ACT TO AMEND TITLE 21 OF THE DELAWARE CODE RELATING TO MOTOR VEHICLE RENTAL AGREEMENTS.**

Chair Baumbach invited Rep. Lambert, primary sponsor, to the committee floor.

Rep. Lambert explained that the bill improves transparency in regards to rental fees, specifically around the vehicle licensing fee costs. He highlighted an issue where customers see a standard fee when renting a car but encounter additional line items during the transaction, leading to unexpected costs. Rep. Lambert shared that he recently rented a van and discovered additional fees amounting to \$18.72 per day on top of the \$94 standard cost. Rep. Lambert stated that the vehicle licensing fee is a per-day charge averaging \$1.66 in Delaware, this fee covers the cost of title tags and vehicle registration. However, when considering that one-time title fee and the \$40 registration fee, the daily fee of \$1.66 would cover the registration cost in just 24 days of renting. Rep. Lambert noted that anything beyond that would be additional profit for the car rental companies. Rep. Lambert cited that car rental companies in Delaware collect approximately \$3.1 million per year from this vehicle licensing fee line item alone. HB 208 would not prevent car companies from collecting the fees but aims to improve the customer experience by being more transparent. Rep. Lambert noted that eight other states have already taken similar steps to regulate or eliminate this fee and suggested that Delaware should follow suit. Rep. Lambert stated that car rental companies can still include the fee within their standard costs, allowing customers to see the minimal increase in overall pricing.

Chair Baumbach said that the total amount paid would remain the same, the only difference is that customers would have upfront visibility of the full cost before finalizing the transaction.

Rep. Lambert said that individuals renting cars are often in an emergency or in leisure situations and should not be burdened with the need to calculate the daily cost of renting the vehicle.

Chair Baumbach opened the committee floor for questions from committee members.

Rep. Spiegelman expressed concerns regarding the competitiveness of rental car fees in Delaware compared to surrounding states. Rep. Spiegelman asked if any of the states that already have a prohibition are neighboring states. He argued that if Delaware's rental fees appear higher than those of neighboring states, it could give the impression that Delaware is more expensive, even though the fees charged by neighboring states may end up being higher, despite the perception of lower prices.

With permission from Chair Baumbach, Rep. Lambert invited Chris DiPietro, on behalf of Turo, to the committee floor.

Mr. DiPietro said that it is not the surrounding states that have similar legislation to this, and that it is primarily states in the Midwest.

Rep. Lambert added that it would be up to the rental car companies to decide how much they want to continue charging.

Rep. Griffith thanked Rep. Lambert for bringing the legislation forward.

Rep. Smith asked for clarification on whether this bill states that car rental companies cannot continue charging this fee or if the bill is stating that car rental companies can still charge this fee on the condition that it cannot be listed separately.

Rep. Lambert said that the bill is stating that car rental companies can still charge the fee on the condition that it cannot be listed separately.

Rep. Smith asked if surrounding states operate under the same transparency that Delaware currently has.

Rep. Lambert confirmed.

Rep. Williams stated that transparency is important and asked for clarification regarding that the bill would not prevent car rental companies from charging the fee, and that it would require them to show the total price upfront.

Rep. Lambert confirmed and added that currently that fee is on a separate line item, and oftentimes that number can come across as potentially disingenuous considering that the cost is going towards title fees and registration fees.

Rep. Dorsey Walker thanked Rep. Lambert for bringing this legislation forward and stated that she will be added as a sponsor.

Chair Baumbach opened the committee floor for public comments.

Joe Fitzgerald, on behalf of Enterprise, spoke in opposition to HB 208. Mr. Fitzgerald stated the code language of the legislation regarding this fee, requires that the fee be a good faith estimate of the average cost to register and tag each vehicle. He added that the code language also mandates that if the fees collected exceed the actual costs, they must be adjusted downward in the following year. Mr. Fitzgerald emphasized that the fee is not mandatory in the sense that it must be charged, rather rental car companies have the choice to make it a mandatory fee if they wish.

Chair Baumbach asked for further clarification on a point raised by Mr. Fitzgerald regarding a potential cost containment and reduction element in the bill, and whether this bill removes that.

Rep. Lambert stated that Mr. Fitzgerald is referencing a 2013 bill. He stated that even after the passing of that bill, rental car companies in Delaware, on average, still charge \$1.66.

Chair Baumbach said that since the data does not support the effectiveness of the existing language in the code, it is reasonable to remove that language from the code.

Rep. Lambert confirmed and added that the line item is what this bill is removing. Rental car companies can still charge the fee, it would just be reflected with the standard cost to be more transparent.

Chair Baumbach asked committee members for any more questions or comments.

Rep. Smith stated that the bill does the opposite of being transparent. He suggested that removing the fee from being displayed on a separate line item, leaves customers unaware of what they are paying for.

Rep. Williams asked if this bill only addresses the one time cost of \$1.66.

Rep. Lambert explained that the bill would still allow car rental companies to charge their standard daily costs for vehicle registration fees. However, since the fee would be in the standard costs rather than listed as a separate line item, the markets would determine how much the companies can potentially overcharge or charge for that fee. Rep. Lambert said that the 2013 bill indicates that car rental companies are already supposed to be regulated in terms of the fees they charge.

Rep. Smith asked why the bill is necessary.

Rep. Lambert said the aim of the bill is to require rental car companies to charge the fee within the standard cost and not as an individual line item.

Rep. Johnson said that the bill simply rolls over those costs that were in a separate line item into the overall or standard cost.

Rep. Lambert confirmed and added that car rental companies can still choose to charge it or not to.

Rep. Johnson provided an example to illustrate the competitive nature of the bill. She stated that if Enterprise decides to keep the vehicle licensing fee at \$1.66, while rolling it into their overall pricing of \$40, the total cost would amount to \$41.66. On the other hand, Hertz may choose to lower the fee to \$1.50 resulting in a rental cost of \$41.50. Rep. Johnson asked if this is how the bill is intended to remain competitive within the market.

Rep. Lambert said that this is generally correct concerning how the bill aims to keep rental car companies competitive within the market.

Chair Baumbach said that he views this bill as a truth in advertising, aiming to ensure transparency for consumers. He stated that when a consumer visits a car rental website and sees the daily costs as \$41.66, it should truly reflect the total cost.

Rep. Lambert said that Chair Baumbach's understanding is correct.

A motion was made by Rep. Dorsey Walker and seconded by Chair Baumbach to release HB 208 from committee ; the motion carried. Yes = 9 (Baumbach, Dorsey Walker, Gray, Griffith, Johnson, Smith, Williams, Wilson-Anton, Spiegelman) : Not voting= 0; Absent= 1 (Short). The bill was released from committee with a F=1, M=8, U=0.

Chair Baumbach introduced **HB 209, AN ACT TO AMEND TITLES 6 AND 21 OF THE DELAWARE CODE RELATING TO RENTAL CAR COMPANIES AND PEER-TO-PEER CAR SHARING.**

Rep. Lambert explained this bill addresses loss of use fees. He explained that a loss of use fees are charges imposed by rental car companies when a rented vehicle is damaged and cannot be used during the repair period. Rep. Lambert expressed concerns regarding the subjective nature of these fees and the potential for abuse by rental car companies. He highlighted the lack of transparency and accountability in determining the duration of repairs and whether the vehicle would have been rented during that time. Rep. Lambert argued that removing the loss of use fees from the line item will help regulate and prevent unfair practices by rental car companies.

Chair Baumbach asked for clarification regarding the term abrogates and its relation to the common law of loss of use as mentioned in the synopsis of the bill. He also asked about any conflicts or interactions between the bill and other statutes.

Rep. Lambert invited Mr. DiPietro with permission from Chair Baumbach to the committee floor.

Mr. DiPietro explained that the loss of use fees are incorporated into the car rental contracts and cannot be negotiated. He provided an example where a vehicle involved in a fender bender requires five days of repair. During this period, the insurance covers the cost of repair, but the rental car company still charges the individual for the loss of use fees. The loss of use fee is calculated based on the daily rental rate, which in this case is \$50 per day, resulting in a fee of \$50 multiplied by five days. Mr. DiPietro highlighted that the practice of charging loss of use fees is banned in several states. He explained the bans

are a result of the lack of accountability and transparency in determining the actual loss of use. He added that it is also difficult to determine whether a rented car had consistent rental history throughout the year or if it was only rented 25 percent of the year. Mr. DiPietro stated that the loss of use fees are unfair for consumers.

Chair Baumbach asked for clarification on whether the bill permits only the repair costs to be covered by the insurance and not the loss of use fees.

Mr. DiPietro confirmed.

Rep. Wilson-Anton asked Mr. DiPietro what the company Turo does.

Mr. DiPietro said that Turo is a peer-to-peer car sharing company that allows an individual to put their vehicle up on the platform and earn money by renting their vehicle to customers.

Rep. Wilson-Anton asked why Turo is interested in this bill.

Mr. DiPietro said that it's a larger competitive fairness issue.

Rep. Spiegelman stated that while there is a possibility of legitimate loss when a vehicle becomes unrentable due to the actions of a previous renter, there is also the potential for nefarious rental agencies to take advantage of the situation. Rep. Spiegelman said that the bill swings too far in the opposite direction by completely banning car rental companies from charging any loss of use fees, regardless of whether they are experiencing actual loss. He said that this approach lacks regulation and accountability. He suggested a middle ground approach that establishes best practices, especially for car rental companies that operate legitimately and have consistent rental demand. Rep. Spiegelman expressed concerns about the removal of loss of use fees as they function as a source of revenue for rental car companies that have their vehicle inactive due to circumstances beyond their control. Rep. Spiegelman drew a comparison to apartment rentals, in which a landlord is allowed to seek damages beyond the security deposit if the apartment is damaged.

Mr. DiPietro said that the main issue is what the reasonable expectations of consumers are when they sign a car rental agreement. He stated that the issue is whether consumers fully understand that they may be held responsible for the loss of profits incurred by the car rental company for the duration of the vehicle's repair due to any damages or accidents caused by them. Mr. DiPietro said that other businesses that face similar situations, like a restaurant that experienced a fire and cannot operate until the damages are repaired. In such cases, these businesses often have business interruption insurance to cover the loss of income during downtime. The insurance compensates the business for the potential loss, however, for rental car companies, they are transferring this responsibility to the consumer by charging them for the loss of use fees.

Rep. Spiegelman questioned whether car rental companies should have the ability to charge for lost revenue resulting from a vehicle being out of service due to damage caused by the renter. He stated that it might be more beneficial to allow car companies to hold the responsible party accountable for the

financial impact of the downtime. Rep. Spiegelman argued that this would ensure accountability, rather than completely outlawing the practice of charging for loss of use fees.

Rep. Smith stated that the bill lacks accountability. He added that instead of completely removing the ability for car rental companies to charge for loss of use fees, it would be important to find an approach to bring accountability to the entire system. Rep. Smith asked how the bill would provide a competitive advantage to traditional rental car companies compared to platforms like Turo and how Turo addresses a situation where the customer is at fault.

Mr. DiPietro stated that this bill would level the playing field and that Turo's insurance company would cover the repair costs and not the customer.

Rep. Lambert mentioned that he has inquired about the potential ways to regulate the issues being discussed and was informed that the most effective course of action would be to proceed with the bill.

Mr. DiPietro noted that there are currently three states that outright bans this practice including, California, Wisconsin, New York.

Chair Baumbach opened the committee floor for any additional questions from committee members, seeing none, Chair Baumbach opened the committee floor for public comments.

Mr. Fitzgerald, spoke in opposition to HB 209.

A motion was made by Rep. Dorsey Walker and seconded by Rep. Griffith to release HB 209 from committee ; the motion carried. Yes = 5 (Baumbach, Dorsey Walker, Griffith, Johnson, Wilson-Anton) : No= 3 (Gray, Smith, Spiegelman); Absent= 2 (Short, Williams). The bill was released from committee with a F=2, M=2 U=0.

Chair Baumbach introduced **HB 194, AN ACT TO AMEND TITLE 2 OF THE DELAWARE CODE RELATING TO PUBLIC CARRIERS.**

Chair Baumbach stated that there was an unintended consequence of SB 209 from the 151st General Assembly. He said that the bill raised the liability requirements for public carriers, such as dart buses, taxis, limousines, Uber and Lyft. As a result, the premiums for individual taxi drivers increased from \$2,200 a year to \$16,000 a year, to meet the higher liability rate requirement. Chair Baumbach highlighted that this increase in premiums has had a devastating impact on families who rely on the taxi profession for their livelihood. Chair Baumbach cited data from Delaware Department of Transportation (DelDOT) and the insurance commissioner's office, which showcased that the number of people operating taxis has decreased by over 50 percent since SB 209 went into effect. Chair Baumbach explained that HB 194 aims to lower the liability requirements to \$100,000 per individual and \$300,000 per accident. He noted that the wording of the bill needs to be adjusted but seeks input from committee members to make any additional adjustments. Chair Baumbach expressed that the bill ensures that the liability requirements are more appropriate for taxis, considering they have fewer occupants and therefore, less potential for damage compared to larger vehicles like limousines or dart buses. Chair

Baumbach clarified that the bill applies specifically to individual taxi operators or those with up to three taxis. He mentioned that there are only two taxi companies in Delaware, one with 11 vehicles and the other with three vehicles, while the rest of the taxi operations consist of single taxi operators.

Chair Baumbach invited Shahzad Bhaga to the committee floor.

Chair Baumbach asked what town Mr. Bhaga lives in.

Mr. Bhaga said Newark Delaware in New Castle County.

Chair Baumbach asked how many people live with Mr. Bhaga.

Mr. Bhaga said that he lives with his wife and their two sons.

Chair Baumbach asked who earns money besides Mr. Bhaga, to support the entire family.

Mr. Bhaga said he supports his family along with his two sons.

Chair Baumbach asked for how many years has Mr. Bhaga held a taxi medallion in Delaware.

Mr. Bhaga said for five years.

Chair Baumbach asked if Mr. Bhaga owns the vehicle he operates as a taxi.

Mr. Bhaga said that he owns the vehicle he operates as a taxi.

Chair Baumbach asked if Mr. Bhaga is an employee or a contractor for a taxi company.

Mr. Bhaga said that he is an individual taxi driver.

Chair Baumbach asked Mr. Bhaga how his automobile insurance has changed before SB 209.

Mr. Bhaga said that he was paying \$2,200 prior to SB 209, however, that has changed to \$16,000.

Chair Baumbach asked Mr. Bhaga if he can afford to operate a taxi in Delaware with a \$16,000 annual insurance cost.

Mr. Bhaga said that he is a 65 year-old senior citizen and expressed their inability to afford the increased insurance premium of \$16,000 due to their limited income. He explained that his health conditions prevent him from driving long hours, so he can only drive for a few hours a day. Mr. Bhaga said that the insurance company intends to take all of their income for the year, leaving him unable to support himself or his family. Mr. Bhaga requested help from the committee and emphasized that he is not able to afford the high premiums due to his age and health conditions. He mentioned the impact of Uber and Lyft on their taxi business and stated that he currently does not receive the same fare price as Uber or Lyft drivers.

Chair Baumbach opened the committee floor for questions from committee members.

Rep. Griffith acknowledged and appreciated Mr. Bhaga's courage in coming forward to request relief from the high insurance premiums. Rep. Griffith assured Mr. Bhaga that none of the committee members wants them to go out of business, as taxi cab drivers provide an essential transportation service to many people. Rep. Griffith stated that she is the sponsor of SB 209 that increased the liability requirements for public carriers, including taxis, with the intention of ensuring that consumers have the same level of protection regardless of the type of transportation service they use. Rep. Griffith emphasized the importance of leveling and unifying the standards and protections for all transportation services to benefit consumers.

Rep. Griffith asked Chair Baumbach about any efforts he has made in assisting Mr. Bhaga. She inquired about any constituent work or attempts to reach out to the insurance company or the insurance commissioner to explore alternative methods of negotiation and resolution for individual taxi drivers. Rep. Griffith requested, before removing a section of the legislation and potentially compromising the protection of consumers, to explore alternative solutions beyond legislative measures.

Chair Baumbach suggested that he prefers to address the question at a time when there is no witness present.

Rep. Griffith agreed and asked the witness, Mr. Bhaga, if he would prefer that representatives work with the insurance commissioner to keep the legislation in place while reducing his premium rates.

Mr. Bhaga said that he is not the only one affected, but every taxi cab driver in Delaware is affected.

Chair Baumbach said that he has been in collaboration with various stakeholders, including DART and John Sisson, who oversees the Taxi Limousine Service, as well as the Delaware Trial Lawyers Association. He mentioned a possible approach similar to that of Uber and Lyft, where individual drivers maintain personal car insurance policies, but the parent organization provides additional coverage that is distributed across all Uber and Lyft drivers. He explained that this option however is not available for Delaware's taxi drivers.

Chair Baumbach invited Legislative Co-Chair, Steven Morrow, Delaware Trial Lawyers Association (DLTA), to the committee floor.

Mr. Morrow said that the purpose of SB 209 was to ensure that individuals involved in automobile collisions receive equal treatment regardless of whether they were in a taxi cab or an Uber or Lyft. Mr. Morrow expressed concerns about the proposed changes in HB 194, which would limit the insurance coverage for taxi operators to \$100,000, while Uber and Lyft drivers have coverage of up to \$1 million. He argued that this change would create an unequal treatment of individuals based on the mode of transportation they use. Mr. Morrow suggested examining the insurance companies' practices and

whether they are charging excessive amounts to taxi operators who work only a few hours a day. He suggested looking into a tiered approach to insurance coverage for taxi drivers, similar to that of Uber and Lyft, where the coverage differs based on whether they are waiting for passengers or transporting them. Mr. Morrow mentioned that these approaches have not been examined due to the recent filing of the legislation.

Rep. Griffith asked if the insurance Commissioner has attempted to address this issue.

Chair Baumbach invited Trinidad Navarro, insurance commissioner for the State of Delaware, to the committee floor.

Commissioner Navarro stated that no other state charges taxi drivers, especially sole proprietors, the exorbitant premiums that taxi drivers are currently forced to pay. Commissioner Navarro said that high premiums have resulted in a significant decrease in the number of taxi drivers in Delaware, with fewer than 20 remaining, and only 9 are able to afford the insurance. Commissioner Navarro mentioned having conversations with taxi drivers who shared their premium amounts, which ranged from \$2,200 to \$4,000 initially, but have now increased to \$16,494. He highlighted that the lack of affordable insurance options has left taxi drivers with no real alternatives to support themselves and their families. Commissioner Navarro suggested exploring potential alternatives, such as a pool or support system for sole proprietors that could be considered by the State.

Rep. Griffith asked whether the insurance companies of these taxicab drivers have been contacted or investigated to determine if the drivers are being taken advantage of. Rep. Griffith proposed the idea of adjusting the insurance policies for taxi cab drivers based on their actual working hours and the number of passengers they serve. She asked whether any exploration has been done in this regard.

The Commissioner stated that there is currently only one insurance company remaining that provides coverage for taxi cab drivers and added that he has been in contact with this insurance company.

Rep. Wilson-Anton expressed gratitude to everyone involved in the effort and noted that she previously voted in favor of SB 209 that has now resulted in unintended consequences for taxi drivers. Rep. Wilson-Anton acknowledged the desire for parity across all types of transportation but emphasizes the importance of parity in terms of access as well. Rep. Wilson-Anton acknowledged the arguments made by Rep. Griffith and the possibility of finding another solution, but expressed uncertainty about the feasibility of such an alternative. Rep. Wilson-Anton stated her support for HB 194 to be passed out of committee and encouraged input from other committee members.

Rep. Smith asked for clarification on the number of taxi cab drivers in the state.

Commissioner Navarro said during a meeting with Delaware's taxi cab drivers, there were a dozen taxi cab drivers present, and they indicated that there were approximately 20 taxi drivers total in the State. Commissioner Navarro noted that he has not conducted research to confirm that those numbers are accurate.

Chair Baumbach cited that the number of vehicles who had medallion taxi permits went from 46, prior to the enactment of SB 209, to 18; a drop of 61 percent.

Rep. Griffith expressed that other efforts need to be made to explore alternative solutions to address this issue. She suggested exploring non-legislative options that would offer a faster and more efficient resolution.

Chair Baumbach expressed that his concern is in ensuring that taxi cab drivers can continue working starting July 1st, without having to wait until January. He acknowledged that introducing a bill late in the session is not ideal but emphasized that the alternative would have been worse. Chair Baumbach mentioned the possibility of coming up with a pool solution, which could potentially address the issue in the longer term but noted that it may not be a feasible solution to implement by June 30th. He stated that HB 194 is a short term solution but offers an improvement compared to what is currently taking place. Chair Baumbach expressed that he is willing to find a solution that provides \$1 million coverage for every passenger across all transportation services without jeopardizing the livelihood of taxi cab drivers.

Rep. Spiegelman suggested the consideration of including a sunset provision in HB 194, which would create a deadline for all stakeholders to address and resolve the issue.

Chair Baumbach mentioned the possibility of a 2 year limit as a stopgap or temporary measure to finding a more permanent solution.

Chair Baumbach opened the committee floor for any more questions from committee members, seeing none, Chair Baumbach opened the committee floor to public comments.

Shaku Bhaya, co-chair legislative Committee, Delaware Trial Lawyers Association (DTLA), spoke in opposition to HB 194. Ms. Bhaya stated that DTLA is requesting a pause on the legislation. She suggested changing the ownership limit from three vehicles to just one, since that is the majority makeup of those impacted. She also suggested considering a sunset provision, which would allow for further evolution on the issue. Mr. Bhaya stated that SB 209 has only been in effect for about two months, and that further research is needed to evaluate the accuracy of those numbers regarding active taxi cab companies and active taxi cab drivers.

A motion was made by Rep. Griffith and seconded by Rep. Dorsey Walker to release HB 194 from committee ; the motion carried. Yes = 5 (Baumbach, Dorsey Walker, Griffith, Johnson, Gray, Smith, Spiegelman, Wilson-Anton,) : No = 0 : Not voting= 0 ; Absent= 3 (Short, Williams, Johnson). The bill was released from committee with a F=4, M=2, U=0.

Chair Baumbach introduced **HB 149, AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO PERSONAL INCOME TAXES.**

Rep. Collins explained that the bill aims to prevent taxpayers from moving into higher tax brackets solely due to inflation. He explained that in Delaware the tax rates are different depending on income levels ; \$2,000 is taxed 2.2 percent, \$5,000 is taxed 3.9 percent, \$10,000 is taxed 4.8 percent, \$20,000 is taxed at 5.2 percent, \$25,000 is taxed at 5.5 percent, and \$60,000 is taxed 6.6 percent. Rep. Collins provided a personal example of his career as a teacher, highlighting how inflation can cause someone's income to be

pushed into a higher tax bracket over time, even if the purchasing power remains relatively the same. Rep. Collins emphasized the potential impact of inflation on taxpayers and stated the bill's fiscal note indicates a significant cost to Delaware taxpayers due to inflation. Rep. Collins explained that inflation can significantly reduce an individual's spendable income. He argued that the bill is impactful to particularly lower income individuals. Rep. Collins stated that it is better for lower-income individuals to keep that portion of their income and build their own financial independence.

Chair Baumbach opened the committee floor for questions from committee members.

Chair Baumbach stated that a significant portion, possibly 60 percent, of the state budget is allocated to pay teachers and police officers among others. He stated if the state's revenues, particularly from personal income tax, do not keep pace with inflation, it would hinder the ability of the State to provide salary increases to teachers and state police that align with inflationary changes in the cost of living. He expressed that changing only the dollar brackets for tax rates without considering the rate itself, may not adequately address the issue of maintaining salary levels in line with inflation.

Rep. Collins said that throughout the past two years, many bills have been considered without much discussion on how to afford them. Rep. Collins acknowledged that the bill may face objections from the state due to the amount of money involved. He stated that he is willing to work with members of the committee and would appreciate the opportunity to have the bill move out of committee.

Rep. Johnson stated that fiscal notes and costs are important factors to consider in legislation but pointed out that there are current shortcomings in state services that are also important. Rep. Johnson said that services for the aging population or early childhood education are just a few examples that are essential investments in people's well-being.

Rep. Collins stated that people should be allowed to invest in themselves and improve their own lives. He emphasized that currently a significant amount of money is being taken from constituents' pockets in terms of purchasing power. Rep. Collins provided an example of a student who earns \$2,000 over the summer and then receives a small increase in income; the state's tax system would take more in taxes due to the inflation-adjusted brackets. Which would negate the value of the additional income.

Rep. Johnson acknowledged the importance of empowering individuals to reach their full potential. She stated that the increase in income of an individual still qualifies them to receive state services. Rep. Johnson stated that there is a greater importance in addressing the support structures and services such as childcare systems, housing subsidies, and SNAP, which play a crucial role in helping individuals.

Rep. Collins shared personal experiences of facing challenges, and stated that despite those struggles, hard work was what improved his life and financial stability over time. Rep. Collins expressed the potential negative effects of constantly relying on government assistance programs, even though such programs are well intentioned. Rep. Collin argued that it would be more empowering and uplifting for individuals to be able to take care of themselves financially.

The committee deferred action on HB 149.

Chair Baumbach adjourned the meeting at 2:10p.m.

Respectfully submitted by:

Falah Al-Falahi, Legislative Fellow

Attendance List

Chris DiPietro, Turo

Shahzad Bhaga

Steven Morrow, legislative co-chair Delaware Trial Lawyers Association (DLTA)

Trinidad Navarro, insurance commissioner for the State of Delaware

Shaku Bhaya, co-chair legislative Committee, Delaware Trial Lawyers Association (DTLA)

Joe Fitzgerald, Enterprise

BEFORE THE HOUSE REVENUE AND FINANCE COMMITTEE

**Public hearing on HS 1 for HB 194
AN ACT TO AMEND TITLE 2 OF THE
DELAWARE CODE RELATING TO PUBLIC
CARRIERS.**

Public Hearing: June 21, 2023

COMMENTS OF UBER TECHNOLOGIES, INC.

Freddi Goldstein
175 Greenwich St.
New York, NY 10001
Email: freddi@uber.com

Uber welcomes a conversation with the House Revenue and Finance Committee on HS 1 for HB 194 and the associated impacts of Senate Bill 209 the bill seeks to address.

While well intentioned, the bill sought to solve a problem that simply did not exist, and it's clear based on the proposed changes only a year later, that the ramifications have been dire.

SB 209 set Delaware apart from the rest of the nation. Delaware is now one of only seven states that requires \$1 million of uninsured/underinsured motorist insurance (UM/UIM) coverage. In fact, at the same time that Delaware was legislating higher coverage limits, many other states (including Georgia, North Carolina, Virginia, and Washington) were rolling back the same unnecessarily high requirements.

Over the last two legislative sessions, 12 states reduced their UM/UIM requirements. As a result, not only is Delaware outside the norm, it is also bucking the trend of states that are reducing limits based on clear claims and loss history that makes apparent these limits are unnecessary.

In Delaware specifically, UM/UIM coverage is particularly unnecessary because Delaware already requires Personal Injury Protection (PIP) insurance, which covers medical expenses for anyone in the vehicle, regardless of fault. As a result, 99.999% of Uber trips result in no UM/UIM claim, and 100% of claims arising on the Uber platform that involved an uninsured or underinsured motorist in the last two years were resolved for under \$30,000 – Delaware's minimum required PIP limit. It's clear that Delaware's TNC insurance requirements prior to the passage of SB 209 were working to sufficiently protect riders and drivers.

Mandating costly and unnecessary insurance requirements has real world impacts. In the two months alone since SB 209 was implemented, Uber's insurance costs in Delaware have increased by 50%.

Considering part of the justification for the initial law was that it was a requirement applicable to all commercial vehicles, we respectfully request that the Committee revisit the impact of SB 209 not only on taxi companies, but on rideshare and its customers and drivers. If insurance coverage is deemed necessary or unnecessary for any public carrier, the rationale should be the same across the board and coverage requirements should be consistent.