

2019 SENATE TRANSPORTATION

SB 2180

2019 SENATE STANDING COMMITTEE MINUTES

Transportation Committee Lewis and Clark Room, State Capitol

SB 2180
1/24/2019
31363

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Liz Stenehjem

Explanation or reason for introduction of bill/resolution:

A bill relating to regulation of transportation network companies operating at commercial service airports.

Minutes:

5 Attachments

Chairman Rust: Open Hearing on SB 2180.

Senator Burckhard, District 5, Minot: This bill is about creating an equal playing field for all different kinds of ground transportations that service our commercial airports. This bill is about TNCs (Transportation Network Companies) like Uber and Lyft. TNCs have provided unique challenges to airports since they cannot be governed. Airports must treat them like the public even though they are a commercial entity. TNCs are utilizing the airport for the business purposes, using the airport access roads, taking spots on the curb, etc. Airports are seeing some monetary affects for the lost parking and rental car revenue as a result of this. This bill if approved would allow airports to enter into contracts with TNCs if they so desire, which will provide an equal playing field for all ground transportation companies operating at the commercial airports. The language in the bill is specific to commercial airports and will not affect TNC operations away from the airport.

Senator Patten: An airport can then engage in a contract with like Uber, Lyft, or pretty much anybody?

Senator Burckhard: Yes.

Senator Patten: Can they be exclusive with one?

Senator Burckhard: I don't know that, I don't think so, but I have some people here who would be able to answer those kind of questions.

Chairman Rust: What do they do now with taxi cabs?

Senator Burckhard: They have negotiated fees with them I suspect, again these other gentlemen can answer just how specific that is. They pay for the curb space they use at the airport, Uber and Lyft, currently do not.

Matthew Remyse, President, Airport Association of North Dakota (AAND): See **Attachment #1** for testimony also shared **Attachment #2** testimony from **Shawn Dobberstein, Executive Director, Hector International Airport, Fargo.**

Senator Patten: I wanted to ask about the contracts. Is there exclusivity involved in there or would it be a standard contract with all participants or how does that work?

Mr. Remyse: This bill does not require airports to enter into contracts. It would give them the option to do so if they choose to only. They could choose to enter into an operational agreement with Uber. FAA policy then would say if you're doing it you should be able to do it with Lyft and it should be a similar contract. Again it would tie back to, does Lyft want to be at the airport, does Uber want to be at the airport? Maybe only one of them does. It would be up to the airport based on how they're being approached or how they want to move forward with it.

Senator Bakke: What is the fee structure? How much money are we talking about that the TNC would pay for that curb space?

Mr. Remyse: That would be established between the airport and the TNC. Based on contract negotiations what we're seeing around the country is typically about \$2 for a drop off, \$2 for a pickup. Those rates vary widely.

Senator Patten: I've been in airports where the only ones allowed to pickup are taxis, but any of the TNCs can drop you off. So in this case they wouldn't have to pay the drop off fee in those airports, because they're just driving up and dropping somebody off. But if they had the agreement then they would have access plus the ability then they would have to pay both the pickup fee and the drop off fee?

Mr. Remyse: Yes, depending how the contract is set up. You can set it up where it may only be a pickup or it may only be a drop off, it could be both. What an airport would do if they want to enter a new contract, the TNCs have their data (which they hold proprietary) so they've actually worked out agreements with three or four third party vendors, where they send the information to the third party vendor and the airport works with that third party vendor and that's how the data is gathered. From there that is how the fees are assessed, again it's all based on the contract between the TNC and the airport.

Chairman Rust: Currently in North Dakota are fees charged to taxi companies, and if so what would those be?

Mr. Remyse: There are certain airports that are charging taxis for service at the airport and for access to the taxi curb. I know that are also being charged as well.

Chairman Rust: What are they being charged?

Mr. Remyanse: I'm not sure on the fees. I can get that information for you though.

Senator Dwyer: If you look at the bill, current law says a political subdivision may not impose a tax on TNCs, and then the new language says that the commercial airports may regulate and establish fees. So, can you explain that?

Mr. Remyanse: We developed this language based on another state that was very similar. They didn't want to affect operations outside of airports, so what they did was they created language that essentially said, this doesn't apply to the commercial airports or a political subdivision that has an airport. So in the case of Bismarck (I'll just use Bismarck as an example) they're a municipality that owns the airport, they could establish a contract with the TNC only for operations at the airport. We wanted to be laser focused down on airports, because we did not want to affect TNC operations around the state. We wanted to make sure this was just for airports. We got the language from the state of Iowa, they have airports that have entered into contracts with TNCs with this language.

Senator Dwyer: It just carves out an exception then to the current law, that doesn't allow that to happen.

Mr. Remyanse: That is correct, yes.

Senator Bakke: So the Ubers and the Lyfts keep track of their drop offs and pickups and that's how they base it, or does the airport keep track of that? It just seems like it would be an overwhelming task at \$2 each, why isn't it just a flat fee per month or something like that?

Mr. Remyanse: The \$2 is what's been established I believe with Uber and Lyft, that's just kind of been the thing. With taxis and ground transportation it's always a per use, but that's not says that an airport couldn't negotiate a flat fee, again it would be up to the airport and the TNC at the time of the negotiation. To go a little bit further into your question, the TNCs, they have the ability to track wherever their drivers go. So in the case of Fargo for instance, I know they have a geo-fence around their airport that tracks how many Ubers and Lyfts are going into the airport. To help with congestion on the curb.

Senator Fors: I guess I really don't understand how your airports run and who owns them. You said the city of Bismarck owns this airport?

Mr. Remyanse: Yes, the city of Bismarck owns this airport, the city of Minot and the city Williston own their airports and the remaining five commercial airports in the state are airport authorities. So their municipalities created a resolution at some point to establish an airport authority. Airport authorities are governed under Section 2-06 of the Century Code.

Chairman Rust: Are they considered a political subdivision?

Mr. Remyanse: Yes, airport authorities are a political subdivision.

Senator Clemens: I heard you mention that the Williston airport is owned by the city, is the new airport going to be owned by the city, also?

Mr. Remyse: Yes, that will be a city entity.

Rick Feltner, Director, Minot International Airport, North Dakota Airports Association: See **Attachment #3** for testimony.

Senator Clemens: The \$600 would that be just assessed once to the Lyft or the Uber company, or does it affect each individual driver?

Mr. Feltner: We would have to figure out what kind of contract would work best for each company. With the taxi cab company for example, since a lot of their rides are people just walking out of the terminal and getting in a taxi, not calling the taxi, the \$600 per year works pretty well for them. Lyft and Uber have the ability to track when their drivers are at the airport and automatically assign a per use fee. So I would envision something that is commensurate, so that the taxis and the TNCs are paying about the same, but collecting it in a way that makes sense for them individually.

Senator Patten: Would it be \$600 per Uber driver; as an example?

Mr. Feltner: No, I wouldn't envision that. So, for example, if you get a Lyft at the Minneapolis airport, the Minneapolis airport charges a \$3.09 fee for a pickup or a drop off. I don't know what it would be at this point at Minot versus Fargo versus Bismarck. But, that would allow us to go in there and negotiate with Lyft and say, ok its \$1.50 or whatever it is; but, that goes on the actual ride. That \$1.50 would be added to the passenger's fare.

Senator Patten: So the \$600 you referenced would be, like the Ramada Inn would pay a \$600 fee for theirs, or if it's a taxi company it's a \$600 fee for the company?

Mr. Feltner: That's correct. So, the Holiday Inn shuttle pays a \$600 per year fee and then they drop off their customers there on the commercial curb.

Senator Patten: The taxi company would be just the company itself, not dependent on how many taxis are running?

Mr. Feltner: That is correct.

Senator Clemens: So would it be fair to say that; let's say Lyft, would not be charge more than \$600 per year?

Mr. Feltner: We would have to look and see what makes sense. But, you are correct. I assumption would be that as we're leveling the playing field that neither taxis nor TNCs would have a financial advantage over one another, it's just that the fees would be collected in different ways. I can't tell you exactly how the contracts will look, but this bill will allow us to enter into contracts that make sense for everybody. Right now we can't do that, so we can only assess fees to taxis and shuttles. We can't even tell a Lyft driver that they can't park on the curb.

Senator Clemens: In order to keep the playing field level would you be opposed if we amended this to say “not to exceed \$600”?

Mr. Feltner: Yes, I suppose I would oppose that for a number of reasons. One is, the \$600 is just what Minot charges, I have no idea what Fargo does or Bismarck does and I think we should be left to be able to negotiate just like we do with all our other commercial users, whether they're transportation companies or something else; airlines for example.

Dustin Gawrylow, Lobbyist for North Dakota Watchdog Network: See **Attachment #4** for testimony.

Chairman Rust: You talked about requiring the municipality/governing board for approval. Are you aware if that's happening now, say the city of Bismarck must approve the \$600 fee that is imposed on taxis at the Bismarck airport? Are you aware if the municipality right now for taxis and shuttles has to approve?

Mr. Gawrylow: I don't know that specifically. I do know that cities regulate taxis themselves.

Chairman Rust: I was talking about an airport though.

Mr. Gawrylow: I don't know the exact answer; it might be different from city to city.

Senator Dwyer: On page 1 Line 17, commercial service airport under the jurisdiction of one or more political subdivisions, doesn't that cover what you're talking about, that these airport authorities are operating either under a municipality or a county or some other political subdivision?

Mr. Gawrylow: I think that goes into the issue or current law does not give the cities authority over making regulations and taxes on TNCs to begin with. This would give airports that authority. So if the cities don't have the authority but the airports do, does it do what you're suggesting?

Senator Dwyer: But they operate under the jurisdiction of that political subdivision.

Mr. Gawrylow: I think there's a conflict there. Maybe there needs to be other sections of the current law that are clarified for that purpose. The overarching thing is that if an entity under the rule of a city is creating taxes and fees and regulations then that entity should have oversight over the situation, I don't think that's very much to ask for really.

Chairman Rust: Closed Hearing on SB 2180

Attachment #5 was emailed to committee members.

2019 SENATE STANDING COMMITTEE MINUTES

Transportation Committee
Lewis and Clark Room, State Capitol

SB 2180
1/25/2019
31488

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Liz Stenehjem

Explanation or reason for introduction of bill/resolution:

A bill relating to regulation of transportation network companies operating at commercial service airports.

Minutes:

1 Attachment

Chairman Rust: A summary of the bill was given. **Attachment #1** was passed out and discussed. I'm not so sure that we shouldn't amend this bill; in Item C to say that "no fees may be charged to a TNC unless they are commensurate with a fee that is charged to taxis, limos and private shuttles." I don't know if there is a bone of contention here or not with airports and taxis and all this with these TNCs where all of a sudden you could have them upping that fee to the point where you squeeze them out.

Senator Patten: My only challenge with commensurate is the way they are levied. Some are looking at \$500 a year, \$600 a year, and they when you're looking at the Uber or the Lyft it's going to be so much a ride. It's an apple and orange comparison. My thought would be there could be no exclusivity.

Senator Clemens: No matter who it is, whether it's taxi, shuttle or whatever, if they all get charged the same fee, private enterprise is going to regulate whether their fee is going to be broke into 100 rides or 200 rides. That's the nature of business.

Senator Patten: The only way to make it work; to have the fees be comparable, is to have them all be flat fees or all be per ride fees.

General discussion about TNCs and whether committee members like them or not.

Senator Patten: One of the things that I think we should at least have in our mind is that any agreement or fee structures should be approved by the elected officials in the community. Maybe we're over-analyzing what we should do here and we should just approve something with the details to be worked out by the local elected officials that would be most affected.

Senator Dwyer: Sometimes I think the legislature has a tendency to over-legislate. This is a case where I think we should just leave it up to the airport authorities and if there's a problem down the road we'll hear about it.

Chairman Rust: Well we are.

Senator Dwyer: Well they can't do anything right now is the issue.

Chairman Rust: I'm kind of right now leaning on a total no here. I'm afraid we're going to correct a problem and in correcting a problem we may have solved one piece but created some new issues that we never thought about.

Senator Clemens: So if we kill this bill then the Lyfts and the Ubers are just continuing on as they have with no fees.

Chairman Rust: I don't know if that's all bad or not. There were no taxi companies or shuttles that came here to testify, the only ones that testified on this bill were airports who wanted to generate more revenue.

Senator Bakke: Can't they just charge a fee; do they need our permission?

Chairman Rust: They need our permission. This bill would allow airports to negotiate contracts with them.

2019 SENATE STANDING COMMITTEE MINUTES

Transportation Committee
Lewis and Clark Room, State Capitol

SB 2180
1/31/2019
31889

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Liz Stenehjem

Explanation or reason for introduction of bill/resolution:

A bill relating to regulation of transportation network companies operating at commercial service airports.

Minutes:

No Attachments

Chairman Rust: Brief summary of bill and previous testimony.

Senator Bakke: The way this looks to me is that the taxi cabs are paying for the right to have a lane.

Chairman Rust: Yes.

Senator Bakke: Are Uber and Lyft aren't asking to have a lane, right?

Chairman Rust: They don't get a lane, no, not right now.

Senator Bakke: So was it the airports that were wanting them to pay for a lane?

Chairman Rust: Absolutely.

Senator Bakke: Ok, so it's the airports who are requesting this money?

Chairman Rust: Yes.

Senator Dwyer: Air travel continues to increase and we really do have some nice facilities in North Dakota. Williston is having a new airport, Bismarck has a new airport in the last 10-years, Fargo has a new airport in the last 10-years, I don't know about Grand Forks or Minot, but as air travel increases it seems to me that we ought to give these airport authorities this opportunity to enter into these contracts with these companies. I don't really think we should over regulate, I think we should just give them the opportunity and if there's a problem down the road they'll bring it to the legislature. I'm in support of this.

Senator Fors: I'm not in favor of this, and I make a motion for a **Do NOT Pass**.
Senator Clemens: I **Second** the motion.

General discussion about previous information.

Senator Bakke: This is just saying they can enter into a contract with those two companies, it's not forcing them to provide a lane is it? This is just saying, if you as an airport want to negotiate with these two companies to provide them access to that taxi lane or whatever lane, you can do that. So it's up to the airports to make that decision. Correct?

Chairman Rust: that's correct. One of the things I see here is, I kind of see by doing this that we are opening up something that I don't know where it's going. I kind of wonder about the unintended consequence of this law. It seems to me there's some stuff in here that goes beyond TNCs. I worry about the unintended consequence.

Senator Clemens: in response to Senator Bakke I understand what that's saying, but this bill is to allow the airports to charge \$600, or whatever, and when we allow that; and they're the ones that want this bill, you can be sure they are going to do it.

Roll Call Vote Taken: Do NOT Pass: Motion Passes 4-2-0
Carrier: Senator Fors

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO: SB 2180**

Senate Transportation Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Fors Seconded By Senator Clemens

Senators	Yes	No	Senators	Yes	No
Senator Rust - Chairman	X		Senator Bakke		X
Senator Clemens - Vice Chairman	X				
Senator Dwyer		X			
Senator Fors	X				
Senator Patten	X				

Total (Yes) 4 No 2

Absent 0

Floor Assignment Senator Fors

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2180: Transportation Committee (Sen. Rust, Chairman) recommends **DO NOT PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2180 was placed on the Eleventh order on the calendar.

2019 TESTIMONY

SB 2180



Airport Association of North Dakota

**Matthew Remyse - President Kelly Braun - Vice President
Jordan Dahl - Sec. / Treasurer**

P.O. Box 991 Bismarck, North Dakota 58502-0991
(701) 355-1808

SB 2180 #1
1/24/19 pg 1

January 24, 2019

**RE: Testimony to Senate Transportation Committee – SB 2180 (Regulation of
Transportation Network Companies Operating at Commercial Service Airports)**

Chairman Rust and members of the committee,

I am Matthew Remyse, the President of the Airport Association of North Dakota (AAND). I want to thank you for the opportunity to testify here today. AAND is the professional organization for North Dakota Airports and it serves to promote airports, aviation, and safety across the state. I'm here today on behalf of the association to express our support of SB 2180.

Our commercial airports are a valuable asset for North Dakota's economy and touch all major industries. According to the 2015 Economic Impact of Aviation study, North Dakota's eight commercial service airports generate an economic impact of \$1.4 billion annually. Our airports are growing, in 2018 passenger numbers at our commercial service airports increased, the number of registered aircraft in the state have increased, and we are seeing new activities on our airfields. Included in these activities, is the operation of Transportation Network Companies (TNC), such as Uber and Lyft.

I would like to provide a brief background on how this bill came to be developed. In early 2017, several of our commercial service airports began seeing TNC operations at their terminals. One airport in particular, was seeing more operations with unintended negative effects. So upon seeing this, the airport leaders sought to enter into an agreement with a TNC for use of the airport. It was at this time, they found that North Dakota Century Code prohibited a political subdivision from imposing a tax, requiring a license or requiring a TNC to follow operational

requirements. In early 2018, the Airport Association, as a whole, deemed that there were negative effects from TNCs operations at our commercial airports, identified this as a key issue and placed it on our legislative agenda for the 2019 session. In late 2018, AAND and its lobbyists developed the proposed language and met with potential bill sponsors. The language proposed in this bill is based on code from another state that allows commercial airports to enter into agreements with TNCs. The language was written to be specific to only commercial service airports, as we do not want to affect how TNCs are regulated outside the airport environment. I have shared our proposed language with industry experts, and they have stated the language is well written.

As previously stated, our airport leaders have seen some negative effects from TNCs operations. A few examples that have been shared, are lost revenue from car rental and parking operations and congestion near the curb for pick up and drop offs. Additionally, airport operators have had to handle complaints and concerns from other ground transportations companies who have to meet certain requirements to operate at the airport, while TNC operators do not. If current operations continue, our commercial airports will continue to lose revenue from parking and car rental operations. In addition, an airport could lose a taxi or shuttle service because they cannot compete with TNCs at our airports. With decreased revenues from ground transportation, airports may have to reassess parking rates or find new sources of revenue to maintain key pieces of landslide infrastructure, such as parking lots, access roads and signage.

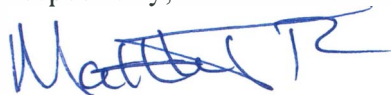
AAND's reason for pursuing this bill, is about equality for all ground transportation companies that operate at airports. Currently, North Dakota Century Code allows political subdivisions to impose operational requirements and fees on taxis, shuttles and other forms of ground transportation. Additionally, a political sub-division can require a license or enter into a contract with a ground transportation company. AAND feels TNC operations at commercial service airports should be subject to these requirements as well. At this time, airport leaders are providing access to TNCs as the public, even though TNCs are a business, no different than a

taxi or shuttle. Another key piece to the proposed language, is the ability to collect fees from TNCs for the use of the airport facilities. Allowing our commercial airports to contract with TNCs and collect fees will help replace lost revenue from parking and car rental operations. It will also allow airports to meet Federal Aviation Administration policy, which requires an airport to remain as financially self-sufficient as possible by establishing proper rates and charges for the use of their facility.

Without a doubt, airport leaders want to see TNCs at our airports. TNCs will be a significant form of ground transportation in the state moving forward. Across the nation, TNCs have entered into contracts with political sub-divisions for operations at commercial service airports. There are several states that have taken this same issue under consideration and modified code to allow airports to enter into contracts with TNCs. Just recently, the State of Alaska took this under consideration and is now working out details for TNC operations at their two largest airports, Fairbanks and Anchorage. According to an article in The Bond Buyer, Lyft has established agreements with 240 airports and Uber has agreements with over 100 airports.

In summary, I ask you please support SB2180 and provide a "do pass" recommendation. Again, I thank you for the opportunity to provide testimony today and I will take any questions the committee may have for me.

Respectfully,



Matthew Remynse
President, AAND



MUNICIPAL AIRPORT AUTHORITY OF THE CITY OF FARGO

January 23, 2019

RE: Testimony to the Senate Transportation Committee on SB 2180

Dear Chairman Rust and members of the committee,

Thank you for the opportunity to provide testimony for SB 2180. I am Shawn Dobberstein, Executive Director of Fargo's Hector International Airport. On behalf of the Fargo Airport Authority and Airport Association of North Dakota, I am writing to voice our support of SB 2180 to amend and reenact section 39-34-06 of the North Dakota Century Code, relating to the regulation of transportation network companies (TNC) operating at a commercial service airport.

TNC operations began in Fargo a few years ago. This mode of transportation is becoming more popular each month. Travelers from our community and visitors to our community are utilizing TNC operators at an increasing rate each month. We cannot identify any reasonable explanation or justification as to why the State of North Dakota is the only entity that has the ability to govern TNCs.

The current State restriction is affecting our ability to manage TNC operators as they enter and exit the airport property to conduct business. TNC operators continue to provide unique challenges for us to manage. We have been able to geo fence their operators into a specific waiting area in order to relieve congestion in front of our passenger terminal where they had been parking curbside to wait for customers. The TNCs are commercial operators and they need to engage with the airport in order to facilitate orderly accommodations for our mutual customers. The TNCs are using our airport for commercial business purposes. They are using our access roads and parking areas. The current State law requires airports to treat the commercial operator like the public. This is not right.

The TNC operations are having a negative impact on parking and car rental revenue. These revenue sources are usually the primary sources of revenue for most airports. Demand for parking at airports is decreasing due in part to the TNC operations. It is difficult to quantify the exact financial impact but it is apparent that our parking and car rental revenue is not growing in proportion to our passenger growth. New research from US Airport Consultant Steve Van Beek has discovered TNCs, such as Uber and Lyft, are adversely affecting the long-standing revenue streams that airports derive from parking facilities and rental car companies.



Our parking concessionaire SP Plus conducted a passenger survey on December 5-6, 2018. They engaged 1,417 passengers during the two-day survey. They made certain to engage one person per party in order to eliminate any duplication of responses. They found that 6% of the surveyed passengers arrived at the airport using a TNC. This would equate to 85 passengers that did not park at the airport. Our long term parking rate is \$8 per day. (85 X \$8/day = \$680 per day in revenue) If the average parking stay is 4 days this would equate to a \$2,720 revenue loss for this group. Granted, some could park in a \$6 per day economy lot or our short-term lot that is \$18 per day. The survey determined that 43% of the passengers surveyed during these two days parked at the airport, 33% were dropped off, 2% arrived via taxi, 3% via hotel shuttle and 13% returned a rental car. The use of a TNC increased to 6% during the December 2018 survey as opposed to 2% that participated in a June 2017 survey.

This proposed bill will allow airports in North Dakota to catch up to airports around the country that are able to enter into contracts with TNC operators by their respective State legislature. Lyft has contracts with 240 airports while Uber has contracts with over 100 airports per a report from Bondbuyer.com. Both Uber and Lyft have indicated to the Fargo Airport that they are willing to enter into a contract with us. We also face another threat from 'airbnb for cars' operators that are present in Fargo. Private car companies such as Getaround, Maven and Turo arrange for individual vehicle owners to make their cars available as an alternative to a conventional rental car. This new phenomena will continue to grow in popularity in Fargo. Some college students are already offering their vehicles for rent while they are attending school.

The proposed bill is specific to airports in North Dakota. It will not affect TNC operations around the community. It will allow the airport and TNC to negotiate an agreement. The Federal Aviation Administration (FAA) policy regarding airport rates and charges requires airports to be self-sustaining. Anticipated revenue from TNC operations will help airports to fulfill this FAA policy.

In conclusion, we ask that you support SB 2180 as written. Airports are a vital to the state's economy and this bill would assure airports throughout the state are able to manage TNC commercial operators in the best interests of our airport and mutual customers. Again, I appreciate the opportunity to provide testimony of SB 2180.

Respectfully,

Shawn A. Dobberstein, AAE

Shawn A. Dobberstein, AAE
Executive Director

**North Dakota Senate
Transportation Committee**
Chairman David Rust
January 24th, 2019

By: Rick Feltner
Director, Minot International Airport
rick.feltner@minotnd.org
701.857.4739

SB 2180

Chairman Rust and members of the Senate Transportation Committee, thank you for allowing me to provide testimony today and offer a few comments in support of Senate Bill 2180. My name is Rick Feltner, and I serve as the Director of the Minot International Airport. I am here today speaking on behalf of the North Dakota Airports Association whose members are all in favor of this measure. These North Dakota Commercial Service Airports include Minot, Bismarck, Grand Forks, Fargo, Williston, Jamestown, Dickinson, and Devils Lake.

Transportation Network Companies or TNC's are also referred to as Ride Share Services and are relatively new in North Dakota. Two of the most well-known companies that currently provide operations in our state are Lyft and Uber. These TNC's have become very popular in the communities that they serve, and the Commercial Service Airports in North Dakota fully support their integration into the ground transportation options offered to our customers. In order to do that, the playing field needs to be leveled, and airports require the ability to set appropriate standards for TNC's just as we do with Taxi Cabs, Hotel Shuttles, Rental Cars, and other commercial users of the airports' roadways and infrastructure. The relationship between commercial service airports and TNC's envisioned by Senate Bill 2180 currently exists in many other states' airport transportation systems. This bill puts North Dakota in alignment with what TNC's and the travelling public experience at most other airport locations around the country.

Current law only allows regulation by the State. As such, TNC's must be treated like the general public while operating at an airport. SB 2180 would give airports the ability to set standards, enter into user-contracts, and provide fair opportunities for the airports' commercial users. Minot for example has designed a roadway system that includes a commercial lane for taxicabs and shuttle services. This is a convenient way to provide a consistent experience for public customers and commercial users alike. It also allows for adequate space on the curb nearest the terminal building for the traveling-public to load and un-load their vehicles during flight departures and arrivals. We need the ability to direct TNC's to the appropriate areas set up for them to conduct business, just as we do with Taxis and Shuttles.

Another important issue is the ability of the Minot Airport to implement reasonable user fees that are in-line with what competitive services are currently paying. Taxis and shuttles in Minot pay a fee for a permit to pick up customers at the Airport. This fee is an important source of non-aeronautical revenue for the Airport and allows us to offset the costs maintaining the roadway, enforcing standards of service by commercial users, and providing an orderly experience for the public users. Taxi companies and shuttle operators see the lack of consistent treatment at the Airport as unfair and competitive disadvantage. We agree with this assessment, and wish to rectify it with this legislation.

It is important to note that the language in this bill is specific to commercial airports and will not affect TNC operations away from the Airport.

Mr. Chairman, members of the Committee, thank you for your time today. I will stand for any questions you may have.

SB2180 - Testimony by Dustin Gawrylow (Lobbyist #266) ND Watchdog Network

Opposed to the bill as written:

- SB 2180 currently gives a blank check to airport authorizes and actually grants the airport authorities more power than the municipalities that own/operate/manage them.

Amendments needed for oversight:

- If the airport is under oversight of a municipality, require the municipality governing board's explicit approval of rules enacted.
- Create appeals process directly to municipality governing board regarding execution of approved regulations.

Amendments needed for driver protection:

- Require that any "rates, fees, rental payments, or other charges" be approved by the municipality's governing board.
- Require that any such "rates, fees, rental payments, or other charges" be applied toward the rider's payment and not taken out of the amount TNCs pay to the driver (using a corporate rate baseline as of December 31st, 2018).
- Allow all "rates, fees, rental payments, or other charges" to be subject to public referendum.
- Require any permits to be acquired by the TNCs themselves, not the individual drivers.

Amendments needed for consumer protection:

- Prohibit airport authorities from banning TNCs altogether.
- Prohibit airport authorities from entering into exclusive agreements with any TNCs or private transportation companies, including taxi companies. **(NO MONOPOLIES!!!)**



SB 2180 MS
1/24/19 PI

Testimony
to
Senate Transportation Committee
On SB 2180
Greg Haug, Airport Director, Bismarck Airport
January 24, 2019

Dear Chairman Rust and members of the committee,

Thank you for the opportunity to provide testimony on SB 2180. I am Greg Haug, Director of the Bismarck Airport. On behalf of Bismarck Airport, I am writing to voice support for SB 2180 and the language it provides to airports to manage the ground transportation companies serving the commercial service airports in ND.

Passengers numbers at the Bismarck Airport have continued to grow even through the economic down turn in 2015 and 2016. Last year was Bismarck's 9th straight year of record enplanements with 282,363 passengers boarding airlines at the Bismarck Airport. With all this growth, we have seen an influx of taxi and shuttle services coming to the airport to provide services to airport users. Along with more taxi's and shuttle's we have also seen an increase in Transportation Network Companies (TNC's) like Uber and Lyft.

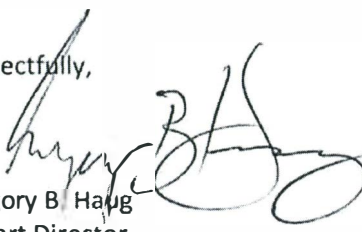
As a general rule, all airports establish fees and charges upon the commercial operators providing services at the airport when it is deemed to be reasonable or operationally necessary. After seeing the increase in use of taxi's and TNC's in recent years while Bismarck's passenger numbers continued to climb, Bismarck Airport explored instituting a minimal fee for drop offs and pick-ups by taxi's, shuttles and limos and TNC's. We felt the business climate was healthy enough to withstand a minimal charge for all ground transportation companies doing business at the Airport. However, when we started to talk about it with other airports in ND, we learned about the current language in the state law which strictly prohibits airports from establishing any fees or operational controls, specific to TNC's. This current law does not allow airports to use reasonable business practice and provide equal treatment for similarly situated commercial operators at ND airports and it is also contradictory to the Federal Aviation Administration (FAA) Grant Assurances which require airports to be as self-sustaining as possible.

The creation of TNC's has resulted in new opportunities for airports and they have expanded the menu of choices of ground transportation services available to airport customers. We view this as good healthy competition however, at the same time TNC's have created a new challenge for local and state governments as well as airports on how to regulate the service they offer to the public. At airports, TNC's are having an adverse effect on taxicab and shuttle van businesses, public parking and rental car

revenues and terminal building curbside roadway operations. This is an increasing challenge to airport staff. Bismarck Airport would like to recapture some of that lost revenue and also put TNC's on a level playing field with their competition (taxi's, limo's and shuttles) and Senate Bill 2180 does just that!

In conclusion, I ask that you support SB 2180 and help solve this ground transportation challenge facing ND's commercial service airports. Airports are a vital to the state's economy and this bill would assure commercial airports throughout the state have the ability to manage and control the operation of all ground transportation companies providing service to the users of the state's air service airports. Again, I appreciate the opportunity to provide testimony of SB 2180.

Respectfully,


Gregory B. Haug
Airport Director

Ground Transportation Charges at ND Commercial Service

Airport

Fargo Airport				
	Charged: Yes – No	Fee Structure: Flat fee or per use	Amount Charged:	Notes
Taxi Service	No			Considering
Limo/Private Shuttles	No			Considering
Hotel Shuttles	No			Considering
Car Rental	Yes	Per use	10%of rental contract	
Parking	Yes	Per use		

Bismarck Airport

Bismarck Airport				
	Charged: Yes – No	Fee Structure: Flat fee or per use	Amount Charged:	Notes
Taxi Service	No			Considering
Limo/Private Shuttles	No			Considering
Hotel Shuttles	No			Considering
Car Rental	Yes	Per use	11%of rental contract	
Parking	Yes	Per use		

Devils Lake Airport

Devils Lake Airport				
	Charged: Yes – No	Fee Structure: Flat fee or per use	Amount Charged:	Notes
Taxi Service	No			
Limo/Private Shuttles	No			
Hotel Shuttles	No			
Car Rental	No			
Parking	No			

Minot Airport

Minot Airport				
	Charged: Yes – No	Fee Structure: Flat fee or per use	Amount Charged:	Notes
Taxi Service	Yes	Flat	\$600/ year	
Limo/Private Shuttles	Yes	Flat	\$600/year	
Hotel Shuttles	Yes	Flat	\$600/year	
Car Rental	Yes	Per use	11%of rental contract	
Parking	Yes	Per use		

Dickinson Airport

Dickinson Airport				
	Charged: Yes – No	Fee Structure: Flat fee or per use	Amount Charged:	Notes
Taxi Service	Yes	Flat	\$500	No chg. In 2018-19 due to

				inequitable treatment of all parties and Lyft/Uber cutting profits and customers.
Limo/Private Shuttles	yes	Flat	\$500	See note above
Hotel Shuttles	Yes	Flat	\$500	See note above
Car Rental	Yes	Per use	10% of rental contract	
Parking	Yes	Per use		

Jamestown Airport				
	Charged: Yes – No	Fee Structure: Flat fee or per use	Amount Charged:	Notes
Taxi Service				
Limo/Private Shuttles				
Hotel Shuttles				
Car Rental				
Parking				

Williston Airport				
	Charged: Yes – No	Fee Structure: Flat fee or per use	Amount Charged:	Notes
Taxi Service				
Limo/Private Shuttles				
Hotel Shuttles				
Car Rental				
Parking				

Grand Forks Airport				
	Charged: Yes – No	Fee Structure: Flat fee or per use	Amount Charged:	Notes
Taxi Service	Yes	Flat Fee	\$200/year per vehicle up to \$1000 maximum per year per company.	Numerous taxi companies in our area have gone out of business since TNCs entered the market. Two taxi company owners remain, and both complain about having to pay for airport permits when TNC's don't. Business for them is dwindling and they say the airport permit cost is a hurdle.
Limo/Private Shuttles	Yes	Flat Fee	\$200/year per vehicle up to \$1000 maximum per year per company.	None are current permit holders.

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Hotel Shuttles	Yes	Flat Fee	\$200/year per vehicle up to \$1000 maximum per year per company.	The number of hotels (3) with airport permits has been steady over the past several years, and haven't complained about airport permit cost.
Car Rental	Yes	11.5% Commission	Varies	