

FTC The “Sharing” Economy Workshop  
June 9, 2015  
Segment 3  
Transcript

MARINA LAO: Again, good afternoon, everyone. For those of you who are just joining us, my name's Marina Lao, and I'm the Director of the Office of Policy Planning at the FTC. I'm delighted to introduce and welcome Commissioner Catherine Sandoval of The California Public Utilities Commission. Commissioner Sandoval will start off the afternoon session of our workshop with some remarks on the experience of her commission in the regulation of transportation platforms, transportation network companies, such as Lyft and Uber in California.

But before I go further in my introduction, however, I'd like to convey a message from FTC Chairwoman Edith Ramirez. Commissioner Sandoval, the Chairwoman is delighted that you're able--

SPEAKER 2: I'll just bring it up.

MARINA LAO: OK. The Chairwoman is delighted that you're able to join us today. And she wishes that she could be here to welcome you personally. Unfortunately, she's out of the country, but she has asked me to extend to you her warmest welcome. So thank you, Commissioner.

Commissioner Sandoval was appointed to the California Public Utilities Commission, or the CPUC as it is generally known, in 2011 by California Governor Jerry Brown, making her the first Latina to serve as a commissioner in that agency's 100-year history. Commissioner Sandoval is also a tenured associate professor at Santa Clara University School of Law. She is currently on leave from Santa Clara in order to serve her term at the CPUC. Commissioner Sandoval has extensive experience, both in government, and in the private sector.

In government, she has served as Undersecretary and Senior Policy Adviser for Housing with the Business Transportation and Housing Agency and as the director of the Office of Communications, Business Opportunities, for the Federal Communications Commission. In the private sector, Commissioner Sandoval has served as vice president and general counsel with Z-Spanish Media Corporation. She started her legal career as an associate with Munger, Tolles, Olson.

Commissioner Sandoval graduated magna cum laude from Yale, and earned her JD from Stanford Law School. She also earned a master's degree from Oxford, where she was a Rhodes Scholar. We are deeply honored that she's able to join us today. Please join me in welcoming Commissioner Sandoval.

[APPLAUSE]

CATHERINE SANDOVAL: Thank you very much. Thank you. Thank you, very much, Director Lao, and thank you to everyone and to the Federal Trade Commission, and to Chairwoman

Ramirez and to all the commissioners and all of the staff for your invitation to be here. Really appreciate this opportunity and really appreciate this convening.

I'm particularly excited to be here as one of the people who helped to create this whole category of transportation network companies. The California Public Utilities Commission was the first in the nation to license and to regulate this category of carriers in the transportation sector of the sharing economy. So I'm here today to share a little bit about our experiences and some observations and questions, as we've seen others states grapple with regulation of this, other localities, and now also, we're very pleased to see some of the federal agencies looking at the implications, in terms of the Federal Trade Commission Act and other federal laws for the growing and burgeoning sharing economy. So let's see if I get this right. Oops. That was a-- all right. There we go.

So somebody was asking me, how in the world did the California Public Utilities Commission end up being the one that created this whole TNC category, and that has exercised jurisdiction that really led to the licensing and growth of Uber, Sidecar, Lyft, and others. So one of the themes of my talk is, what is old is new again. And part of the answer to that question comes in our jurisdiction, and that part of the jurisdiction of the California Public Utilities Commission is over passenger stage corporations. So our jurisdiction over passenger stage corporations as well as charter party carriers is part of the reason why we are able to exercise jurisdiction over these sharing economy transportation network carriers.

So part of the theme is passenger stage corporations, then and now. So the California Public Utilities Commission is the successor of the California Railroad Commission. So much like in other states, like Texas, where the Texas Railroad Commission also regulates the energy sector, in California, the California constitution reestablished us as the California Public Utilities Commission. We were reestablished in 1911. We are a constitutional agency of the state of California.

We have a broad range of jurisdiction over investor-owned electricity, and natural gas, and water utilities, intrastate telecommunications, common carrier gas and oil pipelines. This one has gotten a little bit more attention because, for example, the pipeline that has had a major leak in Santa Barbara is actually licensed by, and holds a certificate of public convenience and necessity from the California Public Utilities Commission. I would add, however, that it is our federal partners that are responsible for inspection and safety of that particular pipeline, but we cooperate.

We are also responsible for rail safety and rail crossings, and in fact, most of our inspectors at the PUC are in the Rail Safety Division and also the divisions dealing with passenger stage corporations, charter party carriers, and now, transportation network companies. So in addition to our legacy from the California Railroad Commission, the 1917 Auto Stage and Truck Transportation Act established CPUC regulation over passenger service on California public highways. So this is part of the reason and the answer to the question of how is it that our agency came to be involved in this.

All right. So we basically carved the whole jurisdiction of transportation network companies out of our charter party carrier jurisdiction. So really, part of the issue here was, as Uber, and Lyft, Sidecar, and others first deployed in California, the question was, were they taxis? None of them were licensed to operate as taxis, so where they illegal taxis? Or were they something else?

And so, we looked at our definition of charter party carriers, and determined that they could be charter party carriers, and then exercised our jurisdiction over them, which gave them authority to operate in the state California. So a charter party carrier is every person engaged in the transportation of persons by a motor vehicle for compensation, whether in common or contract carriage over any public highway. And I would also note-- I won't read the last statement-- but the California Public Utilities Commission code, as well as the Constitution, gives our commission very broad powers to do all things necessary in the exercise of our jurisdiction.

So a couple of things that are notable is that, within the law that created the authority to be able to license TNCs there a couple of important exceptions. So that California Public Utilities Code 5401 prohibits charter party carriers, with certain exceptions, from charging individual fares. So this has become an issue with Uber Share and similar types of services. Similarly, the code prohibits these charter party carriers from acting as taxis. So as I always remind my class when I'm teaching, and I am teaching contracts this semester, grading exams on the plane ride back, there's a particular legal meaning to the word taxis.

So one of the things that charter party carriers can't do in California, TNCs, is they can't take street hails, and they can't act like taxis. They also cannot advertise themselves to be taxis. They can't park in taxi stands. They are not taxis.

All right. So basically, then, we look at charter party carriers versus passenger stage corporations. All right. So once again, you have a passenger stage corporation, every corporation or person engaged as a common carrier for compensation, or management of any passenger stage over a public highway in California between other fixed termini, or over a regular route. And there are certain exemptions, and then they have certain requirements, including insurance, inspection, and other requirements.

All right. So what does all this have to do with a sharing economy? So it is the basis upon which we exercise jurisdiction, and it also creates, really, a foundation to ask some questions about these new services. So one question about some of these services is, are they just rideshare, right? And so, you know, old school sharing economy is an example of rideshare.

Now, I'm not just talking about giving your neighbor a ride down the street, but where you have many cities, like in DC, I think there are places where people just line up on the street, and strangers stop by and pick them up, and get in their cars. And you are all doing that for the purpose of getting in the HOV lane, and it saves everybody time, and sometimes people get to know each other. But it's very casual and recognized. That is rideshare.

And there can be more organized ridesharing, and ridesharing hasn't had as much regulatory jurisdiction. Certainly, they wouldn't be regulated by the California Public Utilities Commission

and my sister commissions. But the new school that the TNCs presented was using a personal car to pick up passengers, prearranged through an app or internet-based services.

I should also add to that one flavor of TNC is not the personal car, but the use of limo drivers who are licensed as TCPs. They are commercial drivers that have commercial driver's licenses and commercial insurance. And then the app is just a way to give their excess time and make that available for other people who don't necessarily contract directly with the limo drivers.

So the bigger issue really came around what is, not Uber Black, but Uber X, and Lyft, and the others, where you have just regular people who have driver's licenses, not commercial licenses, and are not licensed limo drivers. So one of the regulatory questions is, is the new school app-based match up ridesharing exempt from regulation, or indeed, are they a charter party carrier, or a taxi, or if they're operating in a different way, are you a passenger stage corporation? So among our goals were and remain to balance public safety, consumer protection, reliability, innovation, competition, as well as be mindful of privacy.

And I do want to underscore that we definitely support innovation in this realm. I personally voted a couple of times not only to create this whole category of transportation network carriers, but also ultimately for the system of regulation and insurance that we have adopted. I have been one of the leaders of the California Public Utilities Commission, in terms of the app economy. In fact, somebody asked me if I had a nice weekend in DC, and I did not because I was judging at an Apps for Water Hackathon on Sunday night, and then took a red eye here. This is the seventh hackathon where I have been a judge.

So we've done apps for energy, and apps for water, so we're definitely into the app economy in California. But we need to balance that with these other things, and one of my themes is that the old and longstanding issues don't go away just because of a new platform or to promote innovation. So in 2013, and when you look at our Decision 13-09-045, so that code also tells you a little bit about when it was adopted, so in 2013, in September. And the 045 is when it was adopted, pursuant to the rule-making that we initiated in 2012 to create rules and regulations, to protect public safety, while allowing new entrants. So this is when we declared the transportation network companies as charter party carriers.

So one of the things that we specifically determined was that TNCs do not meet the rideshare regulatory exemption. And also, this is very important, that we also rejected the argument that TNCs were just an app. And so, this is an issue that is still being litigated around the world, as some of these sharing economy companies, including the ones are involved in a transportation service continue to argue that they are just an app. And so we rejected that, and concluded that it was inconsistent with our authority to argue that we are barred from regulating our jurisdiction over a transportation service because of the means of communication used to arrange the service, right?

So you know, when telephones were new-fangled, that actually didn't limit our jurisdiction over passenger stage corporations. And similarly, as we've moved to the app economy, that, in and of itself, did not undercut our jurisdiction nor do we believe should it undercut the potential consumer protection and public safety that is available, not only to the consumers of that service,

but it's also very important that to remind ourselves that, as we're talking about transportation services, that it affects not only the consumer in terms of the passenger in that car, but everybody around them, right? You know, the drivers of other cars, the pedestrians on the street, and as somebody who has had the unfortunate experience of being hit by a car while I was a pedestrian, it's really important that the person hits you, first of all, that you survive, but that the person who hits you has insurance.

So we were very concerned about that. And you know, the extra concern about this is exemplified in cities like San Francisco, where, because it is a relatively small city in terms of geography, there are a lot of people in San Francisco who actually don't have insurance. So if you're a pedestrian walking across the street, you can't count on, as a regulator, that the pedestrians are going to have uninsured or under-insured motorist coverage to make up for any under insurance or uninsurance that a TNC driver might have. So one of the major things that we address, and really, a major sticking point in this regulation, was about insurance. So we've had a lot of discussions within the proceeding about insurance, when insurance should be required, how much insurance should be required. And ultimately, our last decision in 2014 modified the previous decision to tighten the insurance requirements.

And one of the things that was very important, too, is that we also concluded that TNCs could not rely alone on the driver's personal auto insurance policy, because many personal policies include livery exclusions. So this whole issue of insurance is actually a big issue for the sharing economy. And in fact, I think if not properly addressed, really could be the Achilles' heel. And that this comes up, not only with transportation, but also with things like hospitality with Airbnb.

One of the questions, is you get a place through Airbnb and you have a slip and fall, are you covered, right? You know, something happens, are you covered? Now, for those of you who have had the pleasure in law school of going through the whole thing of invitees, licensees, all of those things, there's some very complicated property law issues, but also insurance issues. So I haven't had the opportunity or the need to look as deeply into the insurance exception for your homeowner's insurance, right? If you're renting out part of your home on a regular basis through one of these apps, does your homeowner's insurance cover you?

I don't know, but as a homeowner, I would want to make sure. You know, I've come to actually view, like, when I stay in San Francisco for the PUC work, I have the pleasure paying for hotel rooms myself, if I choose to stay overnight, such as the state government. But I view a hotel room as coming with insurance, right? In the price of the room. It includes insurance, as well as all of the other services.

So this is a really important issue. We also have a lot of debates about the different periods within which TNC insurance was an issue. And one of the areas that was the area of greatest contention was the issue of the app on period, which, in California, we call period one. And then you also have the period when the passenger and driver were matched. So we were quicker to come to agreement that, at the time when the passenger and driver were matched, that it was really important to make sure that there was insurance for that ride.

And I believe that this insurance is absolutely critical for the growth of the industry, as well as for everybody else, because the lack of insurance will undermine confidence in the industry. But one of the biggest sticking points was about the app on period, when they weren't yet match with the passenger. Would there be insurance requirements? What would they be? Would the California minimums work out OK?

But it was important to say that you couldn't just rely on the personal insurance policy, because with the livery exclusion, then, if the driver gets into an accident, their insurance company may deny them because they were acting as a livery, or basically, in common carriage for hire. And so, we did to conclude that insurance was necessary for that first period, when the app is on. And after all, really, that is what the TNC is advertising. Hey, there are cars available, and that's the app on period.

And then the legislation also codified that, and so one of the things that's an exciting development, we work very, very closely with the commissioner of insurance for the state of California, Dave Jones. We really wanted to thank Commissioner Jones and his staff for all their work on this. And working with the California insurers now, there are some new products that have just been announced within the last month, where TNC drivers will be able to buy a policy to add on to their personal insurance to be able to address this issue and not create the gap.

So now having regulated TNCs in 2013, address some of the insurance issues in 2014, now we have new wrinkles in what is, like, already old fabric of 2013 or 2014. So one example of this is Hitch. So this gets to the issue of sharing and multiple passengers to share rides to a destination along a similar route. So you remember, I showed you that California Public Utilities Code 5401 prohibits charter party carriers from charging individual fares. If you're going to be selling individual tickets or individuals seats, you're a passenger stage corporation.

That's a whole different level of regulation than as a charter party carrier. So the CPUC denied Hitch's TNC application because of this, then later Lyft bought Hitch. And then, so now we're in a situation where we are aware that a number of the TNCs in California are offering rideshare. To date, we have not initiated enforcement, pending possible legislation, and we've sort of worked out a pilot thing to see how it goes. But this is definitely one of the issues that we need to address in the regulation, where, in part, what we've tried to do is squeeze new services into old regulatory forms.

All right. Another new wrinkle in the old fabric is Leap. So Leap Transit was offering, as of a couple months ago, premium bus service in the city of San Francisco that included coffee and a pressed juice bar. One thing that they did that caused consternation was that they removed the wheelchair lifts from their buses. I would also like to add that one of the things that we included in the transportation network company jurisdiction was the requirement for disability access.

And so the fleet as a whole has to meet disability access standards. We also included nondiscrimination provisions, and a variety of other provisions. And the whole issue of meeting disability access standards continues to be one of the points that the TNCs are still working on. So Leap applied to be a passenger stage corporation, because they were selling individual seats. And so, we we're initially going to deny them, because there's a particular rule for passenger

stage corporations that you couldn't be licensed if 98% of your service was within the boundary of a city or county, and San Francisco is a city or county.

So then, Leap amended its application to include transport outside of San Francisco. We approved their passenger stage corporation certificate. This start of the clock on Leap fulfilling certain obligations, such as submitting insurance, getting the California Highway Patrol to inspect their terminal and vehicles, submitting drug and alcohol testing, and submitting a letter of acceptance of the PSC certificate. So we await their filing. So Leap began operating even before their filing, and so the CPUC has ordered Leap Transit to stop operating until the requirements are met.

So this is a pattern that we've also been through multiple times with some of the TNCs or the newfangled PSCs. At one point, against Uber X, we had a cease and desist order. Against a number of these services, we've gone through this pattern of cease and desist orders, and then regulation, and enforcement, back and forth.

So one thing I would really urge the providers in this space is, that I know that there's a school of thought, offer first, license later. But that really can create a lot of problems, and is not only illegal, but it really can put you in a very bad spot, in terms of insurance, as well as, I think, public confidence. So please work with your regulator and we look forward to receiving their application. Not just their application, but also their certification that they've complied.

So as I've mentioned during this discussion, that the TNC, as well as sharing economy technology and model as a whole, they raise a variety of legal issues. We've discussed, in part, jurisdiction, state, local, federal. I shared with you some of the questions about state jurisdiction versus local taxi jurisdiction. We are here to discuss the interests of the Federal Trade Commission in this, and the Federal Trade Commission Act. I thought it was a very important that Commissioner Ohlhausen repeated that the FTC is not, at this point, contemplating enforcement action, but is very, very interested in consumer protection, antitrust and competition, and privacy, and indeed, that is their mission. So we look forward to coordinating with federal agencies, as we have with our sister agencies, such as the California Department of Justice, and the California Department of Insurance.

Liability, that also doesn't go away. Insurance, one of the big issues that's being litigated is, is the driver an employee or an independent contractor? So one of the panelists this morning repeated, seemingly with confidence, what the CEO of Uber said, which is that, emphatically, the drivers are independent contractors. Well, that issue is being vigorously litigated in courts today. Compliance with state and local laws and regulations, including disability access is an issue. Environmental regulations, such as about crowding, or the type of cars you have, intellectual property, just some of the issues raised in these models.

All right. So just if you'll forgive me, a couple of hypos. In dealing with this whole area, a TNC incident caused me to say, Mrs. Palsgraf, in a sentence for the first time since I graduated from law school and studied for the bar. And if you haven't had pleasure of seeing the LEGO animation version of Mrs. Palsgraf, I've got the YouTube link there. If you have a few minutes to see what creative things bored law students can now do with LEGO animation, there is a

wonderful, though not completely accurate, reenactment of Mrs. Palsgraf as they added a TSA agent, as you can see in the top-left.

But of course, the question is, when poor Mrs. Palsgraf, as depicted in the top-right, is hit by the scale after somebody else brings a suitcase filled with dynamite to a train station, then is the Long Island Railroad responsible? And the issue was, was this accident foreseeable? Was the causation too remote?

All right. So here's the hypo that made me say Mrs. Palsgraf in a sentence. All right, so a TNC without a passenger, broadcasting that it's available. The TNC collides with another car.

The other car spins around, hits a fire hydrant. The fire hydrant cover pops off, flies hundreds of feet, hits the leg of a lady who's on the sidewalk at the other end of the street and breaks her leg. Who's liable, OK? You feel like you're back to law school.

All right. So then the question is, if you add additional things on that, what if the TNC local manager emails drivers daily events information? And what if the accident happened near the location mentioned in the daily events calendar? Does that affect our liability analysis so that it actually ends up being within the Palsgrafic section or not?

So earlier today on the panel, we also discussed autonomous vehicles. And someone brought up autonomous vehicles, and then the other panelists kind of laughed and said, oh, that's in the distant future. Well, I welcome you to the city of San Francisco, where my telecommunications advisor, Bill Johnston, took this picture of an autonomous vehicle on the streets of San Francisco. It's actually funny, when you look at the faces of the people in the background, only two people are kind of looking at, and the rest of them are like, yeah, well, you know, how do I cross the street? So they're doing something else.

So it's like so common there. So the streets of San Francisco, the streets of Mountain View, where, actually, Google just reported that their autonomous vehicle got hit yet again by somebody else. And if you really want to see autonomous vehicles, autonomous vehicles, the place where they're most widely deployed today is on farms. John Deere is the largest operator of autonomous vehicles, and that you have many pieces of farm equipment that are operated autonomously. They can do tighter rows, you can get more yield out of them, and actually, the biggest constraint there is the lack of communications infrastructure in farm fields.

So if you have some AVs that can't operate through satellite, that's a real problem. And updates are also a problem because of communications infrastructure. So when somebody was saying, well, if you have a car, you look like you're rural and you're not cool, in fact, the rurals are much cooler, because they're the leaders in autonomous vehicles.

All right. But here's what we can see coming down the streets of San Francisco, that in the near future, TNCs may seek to use autonomous vehicles. And even before we get there, we get a number of questions, right? So we do have an agreement with the California Department of Motor Vehicles for a test of autonomous vehicles.



So this is being done in a controlled, licensed, and studied way. But there are a variety of issues that they pose about liability, jurisdiction, insurance, consumer protection. There are some really interesting issues. What about the embedded choices in the autonomous vehicle code? OK, so I mentioned that the accidents that Google reported have been other people crashing into them.

So what if other people crash into them and somebody is hurt in the vehicle? Would there be a suit about the embedded choices in the coding, that the vehicle didn't take evasive action? Now, apparently, these things could be programmed to protect themselves above all others, but that would really create a lot of issues if you coded it to protect the car, right? Or to protect the car occupants above others, right? So there's all these ethical choices that are really embedded in that code.

And so making that also known and the subject of public debate as well as consumer awareness, I think, is important, and is an area that I would commend to the FTC for their consumer information, as well as privacy and consumer disclosure issue. But also, when you have an accident, who do you sue, right? The maker of the hardware, you know, the operator of the software, the operator of the service? Who carries the insurance?

In California, because we have initiative and referendum, insurance is determined based on your driving record. There's no driver, so whose insurance, Google's, the car's driving record? This is one of the issues. Who is licensed to drive, right?

Licenses are granted to people. There's no person. And then also, with regard to riders, privacy issues, and this comes up with any form of TNC where you have tracking, and in fact, some of the services have mentioned that they have a God view, that they can see everything, but who else could be tracked?

And then when you look at other emerging issues, so is a licensed driver required in a driverless car? Any licence or insurance required for passengers? Access insuring a passenger data or trips, privacy issues, which is, I think, both a federal and a state issue. Terms of service and scope of contract. Again, a classic Federal Trade Commission deceptive conduct concern about the contract, as well as, this is an issue that we really looked at, at the California Public Utilities Commission, in terms of contract.

What I call the internet of things and the internet of dings, right? The unpredictable, people, events, bicyclists, and mother nature. So Google reported several times that it's been hit by other cars. I have really bad luck. I was hit as a pedestrian.

I was hit two years ago on the freeway by another car on the way home from a commission meeting. I was it by another car last year, right before Christmas. And then this year, a bicyclist hit my car and tore off the side view mirror. I swear, it was never my fault, any of these things.

All right. And then birds, all kinds of things, but who's responsible? Software embedded choices, software upgrades. What if a passenger overrides the route the car chooses for a variety of reasons? Navigating road obstacles.

What about a tire blowout, maps, navigation, loss of signal to the car. There are a variety of issues that need to be looked at. And then here's why I'm bringing this into this discussion, is that we can see, coming up the street from Mountain View, that there will be a time when TNCs and perhaps passenger stage corporations will seek to use autonomous vehicles.

So one question is, we're talking about this within the context of the sharing economy, is this really the sharing economy? Would that depend on who owns the autonomous vehicle, and who operates the autonomous vehicle, right? Just because somebody licensed as a TNC operates the autonomous vehicle, are they still a TNC? Does that change anything?

And should it change our thinking about the sharing economy? So would these autonomous vehicles be used for hire as passenger stage corporations, charter party carriers, or TNCs, whether offering individual fares, or a set of rider-designated routes? So these are some of the regulatory and legal issues that we need to address.

So given you an overview of our experience in California, we have consulted with other states as they have gone through some of these issues. I remember when I first suggested to my colleagues at the National Association of Regulatory Utility Commissioners that we should have a form on transportation network carriers and this whole sharing economy regulation, one of my colleagues said, you know, Commissioner, I am inclined to say, only in California. Well, by the next year, we had a panel called "Uber, Uber, Everywhere, What Are Regulators to Do?"

So you know, this is an issue that a number of states, and now countries, are handling. As we look at these issues, one of the basic themes here is that, what is old is new again, and that just because the technology has changed and the platforms has changed, does it mean that old-fashioned issues go away, like consumer protection, insurance, liability, and making sure that people are safe? And I think getting these things right is going to be critical to consumer acceptance and use of these services, to the growth of the services, and to creating new choices for competition and service.

So thank you, very much.

[APPLAUSE]

JULIE GOSHORN: Panel Three. So is that the number we're on? Panel Three, please-- OK. We've got your seats set up for you.

[SIDE CONVERSATIONS]

JULIE GOSHORN: Yeah, I saw them just a few minutes ago.

BILL ADKINSON: OK. Thank you, Commissioner Sandoval. It's a great way to start the afternoon as we address some of these regulatory problems that have risen and challenges to-- We will have the same procedure on this panel that we had for the morning panels. If you have any questions or comments, please write them on the cards that have been made available, and

there will be a paralegal walking through to pick them up and bring them up here. So thank you, very much.

And now we will introduce Panel Three, which is the Interplay Between Competition, Consumer Protection, and Regulation, Business and Regulatory Views. We've put together a panel that primarily addresses two sectors, and I'll let you figure that out from the introductions of the panelists.

We have Matthew Daus. He's a partner at Windels Marx Lane & Mittendorf, and he's former chairman of the New York City Taxi and Limousine Commission. David Hantman, Head of Global Public Policy, Airbnb. Ashwini Chhabra, head of Policy Development at Uber Technologies. Brooks Rainwater, Director, City Solutions and Applied Research Center, National League of Cities. And Vanessa Sindors, Senior Vice President and Head of Government Affairs, American Hotel and Lodging Association.

JULIE GOSHORN: So let us just start off the panel by asking our panelists to give us an overview of the important issues they'd like to discuss. Maybe one idea is to tell us about your perspectives on regulation and competition in the sharing economy. But really, this is for you to tell us whatever you want to tell us to. Ashwini, go ahead please.

ASHWINI CHHABRA: Sure. Thank you to the commission staff for the opportunity to be a part of this very important conversation today. I'm Ashwini Chhabra. I'm head of Policy Development at Uber Technologies. My pleasure to talk to you today about the many consumer benefits of ridesharing and the role of smart regulations in ensuring that these sorts of innovations flourish.

Prior to my current role, from 2010 to 2014, I was the Deputy Commissioner for Policy and Planning at the New York Taxi and Limousine Commission under Mayor Bloomberg, following Matt's tenure there. I held that role in a very interesting time for the industry. Uber was founded in 2010 and first came to my attention when it entered the New York market in 2011. I've been grappling with some of the questions we'll be discussing here ever since.

I believed then, and I believe now that what we need for the 21st century innovation are equally innovative 21st century regulations. Uber's been working closely with legislators and regulators across the country to achieve just that. Now, more than 40 jurisdictions, including 20 major cities, 19 states, and Washington, DC already have in place smart, forward-looking regulations that both ensure public safety and consumer protection, and embrace the innovations that Uber and others have introduced.

Smart regulations require thorough vehicles inspections. They require rigorous criminal background checks and driving history reports. They require adequate and appropriate insurance in place to protect passengers and the public. And they require that drivers will not discriminate in the provision of these services. And that's exactly what these 40 jurisdictions have in place today, smart regulations that protect consumers while permitting innovation, and I'm happy to share each of those pieces of legislation with staff.

It's important that these regulations permit peer-to-peer ridesharing platforms to flourish, because they represent one of the first real, purpose-built innovations in an industry that hasn't seen much innovation for decades. The establishment of platforms that tap into a broader supply of vehicles and drivers than was previously possible, largely due to artificial regulatory barriers and the resultant ability to provide a reliable cost-effective service at scale brings with it a whole host of positive effects for riders, drivers, and the cities where these platforms operate. For example, having a large scale flexible service allows people to find a ride even if they live farther out from downtown areas, in neighborhoods with poor or nonexistent taxi service.

In Chicago, for example, one out of every two Uber trips starts or ends in an area the city deems to be underserved by taxis. One African-American commentator noted, quote, "the quality of our lives improved tremendously once we found a workaround to dealing with rude and racist cab drivers." Another appreciated that Uber's guiding principle, quote, "is based on the color of the money in your pocket, and not the color of your skin."

Reliability and affordability also translates into fewer incidents of impaired driving, as riders are able to make smarter decisions when they most need to. The 10% decline in DUI arrests in Seattle after Uber entered the market, and a 6 and 1/2% decline in alcohol-related crashes involving under 30-year-olds in California following the launch of UberX are two examples of that impact. Data also reveals that a significant number of rideshare trips start or end at mass transit terminals. By connecting communities with few or no mass transit options to the transit network, the crucial last mile, ridesharing helps reduce commute times, increase productivity, and bring more job opportunities within reach of more people.

Rideshare platforms also provide people a new option for earning. These platforms support flexible and short-shift work schedules in a way that traditional models simply cannot. Drivers choose when and for how long to work. When surveyed, this is an aspect of the Uber platform that over 2/3 of drivers found to be compelling.

The safety of Uber's platform also expands women's economic opportunities, in particular, by insuring a safer and more respectful work environment, allowing them to pursue entrepreneurial work opportunities in what has historically been a male-dominated industry. A recent survey revealed that approximately 14% of Uber drivers are women. That compares to less than 1% of New York Yellow Taxi drivers.

Ridesharing also benefits small businesses throughout a city. Because riders know they can rely on an Uber ride back from wherever they're going, the platform encourages people to travel more widely through their city, visiting a more diverse range of neighborhoods than they otherwise would and patronizing small businesses that can't afford prime downtown real estate. In Chicago, one in three trips on the Uber platform last year began or ended at a small business.

And finally, competition from rideshare platforms has also encouraged service improvement by existing providers. Taxi fleets across the country are now using e-hail apps to dispatch taxis in an intelligent manner. In addition, a report released by the Technology Policy Institute concluded that, faced with competition from Uber, taxis are improving their service. Examining New York City taxi complaint data, the researchers found that the number of complaints per taxi trip in

New York has declined alongside the growth of Uber in that market. Looking at comparable data from Chicago, they found that certain complaints, driver willingness to turn on air conditioning, and acceptance of credit cards, driver rudeness, talking on cell phones, all have decreased along with Uber's entry and competition in the market.

So as we consider what regulations and safeguards are appropriate here, it's worth noting that cities and states are already making this determination, and the jurisdictions are already seeing the positive effects of that determination. In a manner of speaking, the legislative marketplace is already solving for this. Thank you.

JULIE GOSHORN: Thank you. Matt, would you like to give us your thoughts please?

MATTHEW DAUS: Sure Good afternoon. First of all, I want to commend the FTC, Marina, and all the staff for doing this. I think it's great to have a dialogue on these issues, and to also deal with the hotel and Airbnb part, because we've never dealt with each other before. But it's good to be here.

My name's Matt Daus. I'm the former Taxi Commissioner of New York City. Was there for a very long time. My perspective is one which is very unique.

I've been doing this for 20 years. I worked for the government for a very long period of time in a variety of capacities. I was General Counsel of the TLC for many years. I was there for 14 years. I was commissioner for 8 and 1/2.

Now, all I do is live and breathe this issue, and transportation. I'm a distinguished lecturer at City University of New York where, day in and day out, we do research, symposia, and I teach a variety of courses, including transportation history, policy, sustainability, and tech transportation technology. I also have been recognized by courts, legislative bodies around the world as a transportation technology expert.

My viewpoint is that now I'm in business, I'm in academia, and I was in government for a long time, so I think I've seen it all. I've spent my entire lifetime fighting with the incumbent industry. Now, I think for the first time, on some issues, I've actually sided with them, which I found unbelievable.

But my viewpoint is very simple. Let's just break this down to the common sense aspect of this, OK? And maybe this is not a topic for the sharing economy. I don't really know what we're sharing. This is about a person getting into a car, going from point A to point B, and paying money for it, and a company making a profit.

That is called transportation for hire. In my view, there is absolutely, positively no difference between taxis, limos, jitneys, Ubers, Lyfts, TNCs. It's all the same stuff, yet we're coming up with these incredible definitions and clarifications, and I'm just try to throw some water on everybody's faces here to just listen to what we're talking about with these new laws.

I mean, this is not about the sharing economy. It's not like Airbnb, and taking someone's property. And if you looked the definition up of a sharing economy, sharing economy is to take existing resources that people own and share it, and to try to help the environment, OK? By creating and flooding the streets with transportation network company vehicles, we're hurting the environment.

So I love when Millennials approach me and say, well, we need to use TNCs because it's the future, but we also want to stop climate change and help the environment. Yet, you're flooding the streets as a result of this hostile entry into the market with vehicle after vehicle, and you know what? They're not sharing, until recently. Three years went by where, until Uber created UberPOOL and Lyft Line, and the first person to do it was a company called Via. There's no sharing going on.

These are one person, on average, one driver. So I'm not really sure if this is the right platform to discuss the issue. It's not the sharing economy. It's about for-hire transportation. There's some real-- and I'm sure we'll get into the details, I don't want to take up the intro time too long-- but there's close to 30 or 40 lawsuits around the country on anti-competitive behavior by the companies that have entered the market.

There's a variety of different lawsuits that are going to mold this debate. There are laws that are being passed. And finally, finally, a couple of cities, I think, woke up to the reality that, you know what? Why do we have different background checks for different drivers? Why is it that the life of somebody who gets into a car that's a quote, unquote, "rideshare car" needs to have less of a background check.

And I authored a report which I've entered into the public record at the request of the FTC that is 150 pages or so, comparing the self-regulatory driver background checks that are being done by private companies that are authorized by these new laws, only for the TNCs, as opposed to the ongoing requirement under these new laws that the taxis and limos that are doing the same thing have to get these biometric, more accurate fingerprints that are being done by the government. The government makes the decision for taxi and limos on whether you're safe or not. Under the TNC laws that are being passed around the country, they're allowing private companies to hire private background checks that are not as accurate, and are inferior. And I have John Jay professors and people from around the country, criminalists, criminologists, people who know more about this than me that authored a report that say just that.

It's in the record. I encourage you to read it. There needs to be a level playing field. I don't care where we end up-- well, I do care where we end up, somewhere-- but we need to have the same standard for all. "One Standard For All" is the name of the report.

That's all that I ask. I represent the regulators internationally, the ITR, and that's all that we care about. Public safety, consumer protection, like the FTC does, and you know what? Whatever we decide, it needs to be the same standard for everybody, and that's my main point. Thank you.

JULIE GOSHORN: Thanks, Matt. Brooks, would you share some perspectives with us from the city?

BROOKS RAINWATER: Sure. Good afternoon, everyone. Great to join you here today. My name's Brooks Rainwater.

I'm from the National League of Cities. And I'll say, we're the nation's oldest and largest organization devoted to strengthening of promoting cities as centers of opportunity, leadership, and governance. We represent 19,000 cities and towns, and more than 218 million Americans. And through our Center for City Solutions and Applied Research, we provide research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues, which I can confidently say, encompasses the sharing economy, and opportunities for city leaders to connect with peers, share experiences, and learn about innovative approaches in cities.

So we are very interesting trends surrounding the sharing economy, and have thus far released three reports, which I'll cover briefly in just a minute. So city leaders across the country are working to understand and incorporate the sharing economy into their cities, and are being presented with a new set of challenges and opportunities. Community residents crave these new collaborative opportunities in commerce, and at the same time, expect these on-demand services at their beck and call. The sharing economy is thriving as a result, and its upending traditional industries, disrupting local regulatory environments, and serving as a bullwhip for innovation and growth all at the same time.

And so, when we've kind of gone into our research, what we were doing is really looking at, kind of, ridesharing and homesharing in particular, starting out late last year and doing a sentiment analysis around the top 30 cities by population. And what we're trying to figure out is, kind of, what cities were, kind of, bringing in the sharing economy, allowing these companies to operate, either through regulation, or through just, kind of, practice. And what we found is about 9 of the top 30 largest cities were allowing the companies to operate, and the other 21, it was a mixed sentiment.

And so, this kind of led us to wanting to do a bit more on research, and so, we worked together with the University of Pennsylvania and released a report just a few months ago, "Cities, the Sharing Economy, and What's Next." And this was the best practice examination, and what we were trying to do is, we looked at about a dozen cities throughout the country, had, kind of, in-depth interviews with city officials, and what we're finding there is that, many cities really want to welcome the innovation that, kind of, comes from these companies. But at the same time, they're concerned about the regulatory, kind of, disruption that comes about.

And so, you really have a mixed bag on cities that are bringing the companies in, allowing them operate. And others are looking at issues, whether it be zoning issues on the homesharing side, whether it be, kind of, all of the issues that come up on the transportation side. And so what we're really trying to do is, kind of, serve as the focal point at the national level where we can have a conversation, both with the operators, as well as people from the nonprofit and academic community, and at the same time, allow cities to, kind of, look at it from that national perspective. Because when you're on the ground, sometimes, it really gets, kind of, caught up on what's happening in your individual community.

And at the same time, we really do think that local control is what matters, that we're finding interesting things happening at the city level, and sometimes we get a little bit concerned when operators are going to the state level to try to pass laws, because maybe the city level isn't really, kind of, operating, and things aren't happening the way that people might want. We really think that there's real nice kind of interrelation that needs to happen between the state and local level. But at the end of the day, as I mentioned, local control matters most, and we want to see cities be the place where the sharing economy opportunities and, kind of, innovations happen.

And so I think that the big takeaway that I would have is that cities can learn from one another on the regulatory front, what works and what doesn't. One of the things we've heard continuously is that cities want data from the providers, particularly the transportation network companies. And so what we found in our latest research piece, shifting perceptions of collaborative consumption, which is our survey on the sharing economy, is that, kind of, concerns about the sharing economy. At the top was public safety. 61% of cities saw safety issues as their primary concern.

On the benefits side, there were three key areas. Improve services, increase the economic activity, increase the entrepreneurial activity. And these really came in right about concordant with one another, at 22%, 20%, and 16%, and then we had a few trailing other issues as well.

One of the other areas I'd mention, as I close out, is the city growth and support of the sharing economy. We're seeing rapid growth of the sharing economy happen throughout the country, particularly on the ridesharing side. 19% of cities throughout the country said that they'd identified rapid growth happening within that space. On homesharing, it was 11%. And finally, I'll close out here saying, that local governments broadly support the sharing economy. 71% of local governments have identified-- well.

[LAUGHTER]

JULIE GOSHORN: Sorry about that.

BROOKS RAINWATER: That's all right.

MATTHEW DAUS: [INAUDIBLE] never.

BROOKS RAINWATER: Let me see. So we can go through a few of the slides here in my final 30 seconds. Yeah. What I'll do, actually, is go through to some of our findings from our latest report. Just, kind of, give you the overall numbers.

So here you go. As I was mentioning, public safety was the key concern, while you sat on the benefits side, improved services, economic activity, and entrepreneurial activity. Moving to the next area, we saw city growth in the sharing economy happening quite a bit. When you look at combined overall growth, a majority of cities saw growth in that space. And then on the support side, we saw more support for ridesharing than we did homesharing, broadly speaking, at 66% versus 44%.



And then the final piece here I'll talk about is our regulatory response to the sharing economy. We often hear about all the regulation happening in cities around this space right now, but it's really kind of started out at the larger city level. What we were doing is doing a survey of all cities over a population of 50,000, because we want to see, kind of, how the sharing economy's percolating throughout the entire country. And what we found here is, still the majority of cities are not yet regulating this space.

And when the, kind of, cities rate the importance of developing new sharing economy policies, by and large, cities see it as incredibly important, with a bit more on the ridesharing side than homesharing side. And with that, I look forward to talking more about our results here. Thank you.

JULIE GOSHORN: Thank you, Brooks.

BILL ADKINSON: The slides will be available on the website. They weren't clicked through here.

JULIE GOSHORN: Switching now over to the accommodation side of the table, David, please give us your remarks.

DAVID HANTMAN: Thank you. And thank you for holding this panel today, and for taking the time to request and review online comments, as well. I think those of us in the room often spend our time advocating on behalf of the people who are really engaged in the sharing economy. But the most important thing government can do is to hear from them in person, or in this case, online, and I know thousands of people have engaged in this forum who aren't in the room. So I'm very appreciative of that.

This is a critical time for government and for these platforms, because now's the time when government and industry can develop best practices. To develop these practices is going to be tough, but we need to figure out how to encourage innovation and personal empowerment. We're all engaged in these discussions around the world. This is an important step, because we found that the more people learn about the sharing economy, the more they support it.

The biggest foe we face is not any one industry or any group. It's actually misinformation about what's going on in the world. And as we've already seen today, there's even a dispute within people dealing in the sharing economy with what the sharing economy really is and what companies are doing, in terms of sharing versus profit.

So the good news is, for government regulators, that online platforms like Airbnb have, I think, lessened, probably not surprising, I think, that the need for strong government intervention. Consumers now have more information and choices than ever before, and it's increasingly the case that online reputation systems that reward good behavior and punish bad behavior are serving much of the purposes generally served by regulation. In the past, customers had no choice but to hail a taxi, or use a hotel. They didn't know much about what they're getting into, but now they have choices. They can understand the pros and cons of those choices.

So the government has a role and can play a strong role, but that role, I think, must change with the times. As consumers have more information, consumers need less protection. I am the head of Global Public Policy for Airbnb, and I travel around the world on behalf of our hosts and our guests. And I've seen firsthand, for about three years now, how many regular people are being helped by the sharing economy.

Tens of millions of people are benefiting with a little extra time, a little extra money, and more social experience. They spend more time with their family. They can pay for medicine. A majority of our hosts say they rely on the income from Airbnb just to stay in their homes.

So they get to stay in the neighborhoods they grew up in. They get to pay the rent. They get to pay the mortgage. That's a big deal.

Our company was founded in 2008, and is pretty simple. It's a trusted community marketplace for people to list, discover, and book unique accommodations. Since 2008 over 35 million guests have had a safe and positive experience on Airbnb. 35 million guests. More than 25 million of those guests are in the last year alone.

We've worked hard to provide tools and resources that promote transparency and trust, and we're proud to be a global leader in providing education on these issues for our community. To us, trust is the most important thing. The only reason people use our platform is for the transparency and trust. Our only product is really that transparency and that trust. We provide tools, but the real transaction is between guests and hosts, travelers and people who live in cities, and all we're doing is helping facilitate those transactions.

Through sharing economy platforms like ours, consumers have access to more services and more information about those services than ever before. Millions of people are now empowered to help make ends meet, whether it's with apartments, cars, power tools, or their own time. A lot of people just use their own time and downtime to provide services to others now, where they couldn't before, because they can connect with people who need those services.

Data shows pretty clearly that Airbnb attracts new visitors, who stay longer in cities. They spend more on local businesses. They stay in locations different than traditional hotel districts. And they're more likely to return to that city, based on their experience.

All the while, hotels are as full as they've ever been, and are able to charge historically high rates. So there's a pretty clear proof in the data that we can all live amongst each other. It's not a zero sum game. More and more people are coming into the tourism market, partly because of us, probably because of hotels, partly just the nature of the world getting smaller, and everyone can benefit.

Cities benefit enormously from Airbnb stays. We've brought more than a billion dollars into New York alone last year. And that's even before they're allowing us to pay hotel taxes, which we've asked to be able to pay, and so far cannot. But the broader economic benefits are not just the cities. It's actually to the individuals.

So many hosts, as I said, depend on this extra income to avoid foreclosure, stay where they grew up, spend a little more time at home. The lists of how people use this time and money just goes on, and on, and on. People have started businesses, written books, become musicians, spent that last year with their parents. Just an incredible list.

Bottom line is, roomers and boarders have existed for hundreds, and probably thousands of years. It's an age-old activity. Governments haven't paid much attention to it in the past. The irony is that, now that it's more public, and more transparent, and safer online, governments are paying more attention. And I think it's at the very moment that governments are paying the most attention that they don't need to pay as much attention. And so, I think the most important thing is education and forums like this, where we can get the word out about what the sharing economy is and is not.

We do think fair regulation is needed around this. Not every company is responsible. Governments shouldn't stop paying attention. But I think this new information sharing between consumers, ratings and background checks, online reputation, really makes it a lot easier for consumers to get what they need.

So we've seen San Jose, and Amsterdam, and Paris, and London, and a number of other cities come the right way, and pass laws allowing homesharing, that we think there's going to be a lot more in the future. There is a balance to be struck here to differentiate between businesses and individuals. People doing something once in while with their own property to make ends meet is something very different than someone doing it full-time as a business, in multiple locations, or multiple cars, and I think it's important to get into those differences here today. So I'm glad we're here, and I look forward to the discussion.

JULIE GOSHORN: Thank you, David. Vanessa, please give us your thoughts.

VANESSA SINDERS: Right. Thank you. Thank you for having me here today. My name is Vanessa Sinderson, and I'm with the American Hotel and Lodging Association. We represent the entire hotel industry across the United States, from traditional bed-and-breakfasts, small properties, independent hotels, to the big brand companies, and major ownership groups.

Competition is a hallmark of the lodging industry. We welcome it. It makes us better and stronger. It drives growth, more jobs, innovation, new technologies, and new models on how to better serve our guests. And as one of the most competitive industries out there, we see this every day. And it's a great time to be in the hotel business. We're experiencing dynamic growth and opportunity.

Our industry is responsible for 1.8 million jobs in communities across America, and has been one of the few bright spots of job creation during the recent economic recovery. We have also contributed billions of dollars to federal, state, and local coffers. Last year alone, we generated \$134 billion in business travel tax revenue.

Our industry remains successful because our members embrace a highly competitive business model where everyone plays by the same rules. And that is what we are here today to discuss.

Right now, there is an unlevel playing field that is compromising consumer safety, endangering the character and security of residential neighborhoods across the country, and changing the housing market in some negative ways. The hotel industry is all about the guest experience, and providing our customers with extraordinary service and a safe and secure environment from start to finish. Indeed, we in the hotel business are guided by certain overarching principles, insuring the safety and security of our guests, providing quality guest service, being good partners in the communities in which we operate, grow, and develop them, and importantly, provide jobs and a pathway to upward mobility for our employees.

Yet, increasingly, we hear concerns about new market players that undermine these principles and raise questions about consumer safety and the changing face of communities and neighborhoods. Market players handling transactions, especially ones like Airbnb, which is an estimated \$20 billion enterprise, have certain obligations to uphold, such as ensuring that the fair share of taxes are paid, not picking and choosing what taxes to pay, ensuring that common sense, safety, security, health, and fire standards are followed, not picking and choosing what standards are important. Hoteliers follow a strict set of rules and regulations to ensure the safety and security of our guests and communities, and we take these responsibilities seriously.

But there are a lot of questions about whether the same can be said for some of these new companies, such as Airbnb, even further, their mere existence may violate the law in some places. New York is a prime example. The state's attorney general found that 72% of short-term online rentals listed on Airbnb in New York City are illegal. And his report also showed that this is not about the mom-and-pop or grandmother occasionally renting out their apartments to make some extra money on this side. The report revealed that 6% of hosts on Airbnb dominated the site, generating nearly 40% of total revenue.

This is a clear indication that Airbnb is making a substantial amount of its revenue off of illegal hotels and those that are doing this as a business. These are not mom-and-pops. These are individuals and companies operating multiple properties as a business.

These are not students making ends meet. They are rogue commercial interests. They are simply illegal hotels, and they should have to meet the regulatory obligations of the jurisdictions in which they operate as hotels do, to protect the health, safety, and well-being of their guests, as well as the safety, and security, and character of the neighborhoods in which they operate. Simply put, we believe that if you look like a hotel and if you act like a hotel, then you should be treated like a hotel.

Today's discussion here at the Federal Trade Commission, a body whose job it is to protect consumers, is an important one. It will set a path on how best to ensure that, as new platforms come to market, engaged in commercial transactions, they respect the rules of the road and protect the safety and security of guests and surrounding neighborhoods. Consumers, homeowners, and communities are counting on us to get it right. Thank you.

JULIE GOSHORN: Thank you, Vanessa.

BILL ADKINSON: Great. Thanks, very much. We plan to run through several key issue areas today. And since there are two sectors to discuss, we're going to do it pretty quickly, and counting on our panelists to be succinct. One possible way to address the first question, which is a question of how providers in this space, both the traditional suppliers and the sharing economy suppliers, address consumer protection and third-party protection concerns.

And as Brooks mentioned, there is very strong evidence that safety is a key concern among regulators and cities, and that regulatory disruption is a key concern. So maybe if I'd start with David, since Vanessa had a chance to lay out some of her thoughts. Your comments, Airbnb's comments set out some of the mechanisms you adopt to help protect consumers and third-parties, like a verified ID and payments processing. So perhaps you could describe those, and perhaps you could also expand on your distinction between full-time and part-time people working on Airbnb, because that might also go to some of what Vanessa was talking about.

DAVID HANTMAN: Sure. Thank you. And I will say, it's interesting, I mean, I agree. I think we find ourselves pit against each other, but I actually think, I really think this, that over time, we'll realize we're on the same side.

We and the hotel industry are both growing tourism. We care an enormous amount about safety, to your point. Obviously, companies can't function if things are unsafe. No hotel could function if people were getting into trouble in that hotel, nor could the sharing economy work if these, sort of, mechanisms of trust weren't engaged.

So we have a verified ID system, where hosts and guests can connect and verify who they are, based on their offline identity, which is, like, a driver's license or a passport, and their online identity, like Facebook or LinkedIn, just to make sure you know you're dealing with. We have a team of a few hundred fraud, and prevention, and safety experts who constantly monitor the site to make sure that people are cheating each other. We do hold the payment when a guest books. The guest gives us the money, we hold the payment until about a day into the stay to make sure that person actually showed up and turned over the key, that there wasn't any funny business, and then we turn over the money. We obviously know who people are, and so there's a big trust there.

But the most important thing is not something we do. It's simply the tool we offer, like eBay, which is the rating system. Every guest and every host rates each other on a five star scale, not just on overall stay, but also on cleanliness, and accuracy, on location, price, to get us that communication just so that when I want to stay with someone or I want to host someone, I can understand, sort of, who they are. There's also a period where you can ask questions of each other.

How many people are you bringing? Do you smoke? Do you have pets? What kind of person are you? Do you have references?

Can I look at your Facebook friends? Whatever you want to feel comfortable to let someone in your own home. And I think this gets to the point that Vanessa made, which is, if you look like a hotel, and you act like a hotel, maybe you should be treated like a hotel.

But more than 90% of our people in New York, for instance, have only their own home that they list. It is people who do this for a once in a while, right? And I think AG report aside, and the fact that there are a small number of people who go across these sites with multiple listings, many of whom we've already taken off, the vast majority of people doing this are in the sharing economy, earning a few thousand a year, and we should be figuring out what to do with those people. And so our tools are designed to help them develop this trust between each other.

BILL ADKINSON: Vanessa, you have any thoughts on that in terms of regulation of hotel-like entities?

VANESSA SINDERS: Mm-hm. Well, I might just start by saying, from the hotel perspective, safety, again, is of utmost importance. I think David and I agree on that point. But let's just talk about what a hotel does when they have to open. Say, they're opening here, in Washington, DC.

Before they open, they have to have a basic business license, a certificate of occupancy, which is only given after various safety, security, and zoning regulations are met, a fire marshal inspection, as well as, once they open, they have to have regular food service inspections, keep an updated fire egress plan, and abide by a whole host of other safety and security rules. When a guest checks into a hotel room, they know that they are handing over their credit card in a safe and secure way. When they walk into the hotel room, they know they will have clean sheets and a sanitary environment, and that they also have recourse if it doesn't meet their standards. And I think, from our perspective, that's just not necessarily the case with Airbnb and the rentals facilitated through Airbnb. It can be a different experience.

DAVID HANTMAN: So I think just two points to that. One is, does anybody really think that, if you're hosting someone and your family, or your friends, or someone's just borrowing your apartment because you went to school with them for a week, that you should have to do all of the things that a hotel has to do? I don't think people would agree with, and that's sort of what's going on here. There is a scale.

There's people who do this for one day for free for their mom. Obviously, they should not have to get a business license. They should not have to get central sprinkler system, security, et cetera. And there are people who do this in multiple units in the same building around the clock for money, like a hotel. And those are two incredibly different things.

And I think the problem we face, and which is why it's so important to be here today is that not enough people are differentiating between that. It's easy to say that there are some bad guys. Let's treat everyone with the same brush. Why don't we focus on the thousands and thousands of people who need to do this to make ends meet, who do this for a couple weeks a year. It's very different than a hotel environment.

And we keep trying, and we keep failing, and I get there's some competitive pressure here. Look, in New York, for three years, the hotel industry, the lobbyists said, it's not fair because they're not paying taxes, it's not fair because they're not paying taxes. So we said, fine, we'll pay taxes.

And they said, don't let them pay taxes. So we face this problem where we try, and try, and try, and we are working on all these safety initiatives, but we can never get quite far enough to please people who, I guess, are competing with us, or think they are. I think I would say, we're not competing, and so we should all be together on this.

BILL ADKINSON: Brooks, I was wondering whether you might speak to the question of whether cities need more data in order to make the sorts of distinctions that were just described, distinguishing between people who are doing it around the clock in multiple Do you have any sense of how cities want to address that?

BROOKS RAINWATER: Yeah, definitely. With the interviews that we've had with cities, this is something that comes up time and time again. That we've heard some great claims here on stage today from both Airbnb and Uber about the data that they're seeing in cities. But it's one thing to hear, kind of, specific issues and, kind of, hear from a couple of cities. Being able to actually delve in and look at that data across the country would be amazing, and I think that's where kind of a partnership between cities and many of these platforms could really grow and could really flourish.

Because some of the stories that we're hearing, whether it be on quality issues, whether it be on how many people are actually renting out their spaces for just a short period of time, they sound great. But I think we really need to, kind of, verify that that's actually happening. And one thing that's interesting with the commentary that just happened here is, it kind of reminds me of what's happened in a few cities on ridesharing, where you have people that are driving just a few hours a week regulated in a different way than those drivers that are driving full-time. And I wonder if there might be, kind of, a regulatory structure that could take place that would be similar, if we were able to see what kind of data actually shows what's happening in the homesharing space as well.

BILL ADKINSON: Great. Matt, I'd like to turn to the taxi and ridesharing arena. And I guess, in particular, two things. Could you talk about how consumer safety, and quality concerns, and pricing concerns in your market are, addressed both by taxis and by regulation. And also, I wonder whether you had any thoughts about Commissioner Sandoval's point about, I'll call it the entry, then license sequence?

MATTHEW DAUS: Sure. Well, first, as a nice segue from Airbnb and hotels to transportation, very scary that we're on the same stage. The FTC has assembled Uber and Airbnb. I'm afraid there's going to be, probably, an app after this is over, where people can, like, sleep in their cars or something.

[LAUGHTER]

So anyway.

DAVID HANTMAN: Working on it.

MATTHEW DAUS: I figured that.

[LAUGHTER]

But seriously, there's a lot-- I mean, Commissioner Sandoval, I think, was the one commissioner, if I remember correctly, that listened and actually held a hearing and convened everybody to talk about the issues. I don't agree with that law. Our regulators don't agree with that law, even though the California PUC is a regulator. We don't think it goes far enough. And really, what the problem is with regulation is that it's disjointed.

It's local in nature. That it's done at the very local level, and there's been a push now to get state regulation, but without any real teeth, and almost in a way, to deregulate the market. And we talk about the regulation in our industries. There's the basics, and then there's entry. I don't think there's any question that Uber has entered the market, and is taking it over completely.

I probably think the competition argument that they may have made three, four years ago no longer holds water. It's the tail wagging the dog. But I think the big issue is the basics, the spin, the debate. I correct myself. The only thing that is really the part of the sharing economy with Uber-Lyft is that they're sharing drivers with the taxi and limo industry.

Basically, they've taken their limo drivers, they've taken their taxi drivers, they're using them for the peak hours and the cherry-picking times of day, but also, they created a lot of jobs for new people coming into the market. But the basics are the basics. I don't care whether it's an app, or no app, or whether it's a horse and carriage, it's somebody getting into a vehicle. And is the driver safe? Is the driver going to cause harm to you?

There's this spin about the traditional industry versus the nontraditional, the new innovators. And those distinctions are being made up by the folks that want to say that they're new and different. There are several levels of regulation, some of which are unnecessary and overkill, and there are others that are the basics that never should change, regardless of what century we're in. And that comes down to criminal background checks, and the safety of the driver, people not getting ripped off, consumer protection, and insurance.

On the insurance issue, I think there's some wiggle room there to come up with a solution, but it should be for everybody. Because at the end of the day, if there are part-time drivers, maybe the insurance companies can reduce the risk of somebody, from an underwriting standpoint, driving less. But when it comes to the criminal background checks, that's non-negotiable for regulators. And remember, that's the basic form of regulation. That's where, I think, we kind of draw the line.

There's the other type of regulation, which is the open and closed market. Do we have medallions, do we have a cap. The reasonable minds differ on these things, obviously. I think that all of these laws that are being passed around the country allow for further entry, and I think the good news is that Uber and Lyft agree that they need regulation.

Four years ago, right? I mean, there was a debate about just having no regulation. So now, at least, we're arguing about what type of regulation to have, but they're still so far apart, I think the



licensing that are being passed have the bare minimum, and the industry's arguing it should be something completely different. I think the answer is somewhere in the middle.

And I do agree with Brooks that we need data. As an academic and somebody who represents the regulators, we don't want everyone's personal data, like they have. We don't want to be tracking people. We want to get dots on a screen so that we can make policy, so we can figure out where the potholes are, where the traffic flow is.

We want to know a little bit about what's going on, and we need to have a reasonable approach. When Google came out the other day and basically said that their autonomous vehicle accidents are proprietary, I thought I was going to fall off my chair. I mean, since when is a motor vehicle accident proprietary? Everything's proprietary.

Look, there's a lot of stuff that is proprietary, I give you that. But there's a lot of stuff that shouldn't be, like making sure that your policies involving privacy are being enforced, OK? There's a middle ground, I think, somewhere in here.

But that's not the basics of regulation. The basics of regulation, to answer your question, are, do you regulate prices, OK? Two different viewpoints on it. Do you regulate the number of vehicles? Two different viewpoints on that.

I think you need to have some type of limit on the vehicles. It can't just be unchecked growth, because of the environment, OK? Cities are struggling with the issue of transit, and congestion, and people having asthma, and global warming, and we have an unlimited amount of vehicles being placed on the road. And I think, from a National League of Cities point of view, that they should be against that. I don't know what your position is on it, but I think you should be against unbridled growth of automobiles.

But when it comes to the basics, there can be no compromise. There has to be inspections of the vehicles. There has to be some form of acceptable insurance.

And drivers need to be safe. Everyone's entitled to rehabilitation, but there needs to be a process where the government, not self-serving private companies have an interest in putting drivers on the road, make the decisions. An objective third-party on whether someone who committed a DWI, an assault, or some type of crime in the past is safe to drive. And that's not much to ask for, really, and that's kind of my viewpoint. And I'm sure the others will differ, but that's my thought.

**BILL ADKINSON:** Ashwini, what I'm going to ask is that you provide a little bit more information about the mechanisms that Uber uses to protect consumers, much as Airbnb has a different set of mechanisms, including the mechanisms that determine price that differ from the way that taxicab prices are determined. And also, I did think, at the end of your talk, you were emphasizing that there were certain areas you really believed that regulation was needed. And so I'm wondering how much gap there is between what you're describing, and what Matt's describing in certain of those areas. At least, are there certain areas we can keep the gap smaller?

ASHWINI CHHABRA: Yeah, yeah. No, I'm happy to. So I think there's probably a gap when it comes to our philosophies on the role of regulation in 2015, when it comes to the things we're talking about. There may not be as much of a gap on the substance. As you noted, I had a litany of things where I think you need to have clear regulations on those topics.

And those 40 jurisdictions I mentioned, those laws address each one of those points. Those are all ones where we've worked alongside legislatures, alongside the regulators, and alongside the incumbent industry to come up with those rules. And those, I think, do touch on safety, and they do touch on consumer protection. They address the requisite insurance that needs to be in place. And I think we'll talk about it a little bit later, but when it comes to insurance, we've been working closely with the insurance industry as well to develop those new products.

Matt rightly points out, if this is a market that is attractive enough to the insurance industry, they will develop products for it, and they are. So I don't think there's a huge gap in the areas that we all can agree on that need to be addressed in the regulation, or need to be addressed through platforms. I think there's a difference in philosophy on just how involved the government needs to be in doing that, and how much we can now rely on technology to do some of that.

BILL ADKINSON: I'm intrigued. Pretty elaborate.

ASHWINI CHHABRA: Yeah, so let me just finally get to it already, right? No. So something that Arun Sundararajan raised earlier, and I think he's written about this, this concept of delegated regulation, right? So in the same way that sometimes people talk about software eating the world, there's this way in which technology can eat regulation. You don't need the same rules on the books today as you did in 1972, when there were no cell phones, and the landline you had was the only way you would request a black car to pick you up. You don't need the same rules on the books when it comes to pricing as you did when the most robust machine you could come up with to calculate that price was a mechanical meter.

So I think there has to be some acknowledgment that the things that we're talking about are not all the same. A taxi is not an Uber vehicle, is not a jitney, is not a black car, because they do different things. You can't street hail an Uber vehicle. You can only street hail a taxi. There are very different rules in New York for Yellow taxis than for black cars.

There are different rules for black cars that have corporate accounts than there are for black cars that you call because it's a community car base, as well it should be. There's a different degree of consumer protection involved from one product, to the next, to the next. To lump all those things together and to say that there should be a national standard, I think you miss some nuance in the difference between markets as varied as Tampa, and New York, and Chicago, and New Haven, Connecticut. I think you lose some of the nuance between what a Yellow taxi can do and what we look to a Yellow taxi to do, than what a corporate account car is doing, versus what I with my Uber app I'm able to do.

So a word on how platforms accomplish what, previously, regulations were required to accomplish. So let me start by saying that on safety, I can really only speak to that mechanisms that Uber has in place. I can't speak--

BILL ADKINSON: Right.

ASHWINI CHHABRA: --to ridesharing generally. And Uber experience was designed from the ground up, with rider and driver safety in mind. So only drivers who pass strict background checks are granted access to the Uber platform. Drivers have to pass a multi-layered federal, multi-state, and local criminal background check, and they're cross-check against the national sex offender registry, and have their state DMV driving record reviewed. Great.

But what does the platform do that you couldn't do in 2008, before the advent of smart phones, right? So if you've ever used the app, you know that, as a rider, you get lots of information about the driver who's going to pick you up, even before they come to pick you up. You see what they're rating is. You see who the driver is, so that you know you're getting into the right car.

When you request a car, you can do it from inside. You don't have to wait outside on a curb at night, or in a low foot traffic area. So there's various ways we're addressing safety that didn't exist before. You can share your current location and your ETA with anyone.

You can rate the driver at the end of the trip so that you know that there's some accountability. All of this didn't exist more than five years ago. Those mechanisms were addressed through regulation. You don't have to address those through regulation anymore.

On the driver's side, you know the name of the passenger who's going to get into your car, so you can make sure that the right person's getting into the car. It's a cashless system, so the need to carry has been reduced. And likewise, there's rating at the end of the trip. So these are all mechanisms that previously didn't exist, exist now, and you then have to go back and look at which of our regulations that are addressing safety and were the product of the time when they were passed, and which are no longer needed.

BILL ADKINSON: Thanks. Matt, do you have any final thoughts about how these technology developments that Ashwin--

MATTHEW DAUS: Yeah.

BILL ADKINSON: --has identified should affect regulation in your view?

MATTHEW DAUS: Sure. No, I mean, there's one or two things I agree with him on. Let me run through real quickly. You know, Ashwini mentions part-time, and that's really the issue here. It's a part-time economy.

But if there is going to be an insurance solution for part-time drivers, it should apply to everybody. Taxis and limos should get the same-- you know, there should be a certification process with the insurance company as to the number of hours that you're being logged, and it could be tracked through apps. And number two, self-regulation. Let me just say something about that.

I'm not saying self-regulation is something that can't be done. On certain things, in my view, it can't, like background checks. There's certain things, maybe vehicle inspections, but other things you probably could. And a good example of that is the Federal Motor Carrier Safety Administration. For interstate trucking and for interstate limousine travel, stretch limousines, and buses, the FMCSA prescribes, I can think of two rules offhand, the requirement that you don't drive a certain number of hours continuously, so you don't get tired and have an accident, and also medical certifications.

The companies are required to do that on their own, OK? And basically, they keep files on this information. But then what happens is, there's a real enforcement mechanism, with real inspectors which go in there, and real fines, where you could be shut down if you don't do the right job. So if you are going to have a self-regulation mechanism, which I believe these TNC laws around the country do not do, there can be a way by which certain things, not everything, can be delegated for self-regulation, where there is an enforcement mechanism and strict fines in place. And so that's the point on that.

The other thing is, yes, taxis are different from limos, but I find it hard to find a distinction between what Uber and Lyft are doing, and limos and liveries, and why we should be drawing distinctions with them. They don't have rates of fare that are regulated. They don't pick up street hails. They're kind of doing the same thing, and you're using the same drivers.

But I mean, yes, a taxi system is kind of viewed as a utility, and people hail it, and yes, it is different. But when it comes to public safety issues, it doesn't matter whether you're calling in ahead of time or hailing it on the street. Doesn't matter what your paying when, on the criminal background check side, it's wonderful that you can look at their picture, but what if it's a mug shot? I mean, on your phone. I mean, that's really the issue here, and that's where I completely disagree with Ashwini on the issue of the safety. I think it's great that you're doing the private checks, but they should be done in addition to the government vetting these folks.

There's been a lot of misinformation out there around the country about how long it takes. And we should know this, we both worked for the TLC. It takes three days, potentially, and somewhere between \$15 and \$75 to do a background check and get the results back. And I actually think you're opening yourself up to tremendous liability by saying you want to do it yourself, and then if you screw it up, then there's multimillion dollar lawsuits being brought against your company. So I don't get that.

But this is a very small thing that people are asking. And quite frankly, the tide is starting to turn in the other direction. Connecticut, Florida, and Texas all rejected TNC laws at the end of this session because of this report, and because of the efforts made by lobbyists and media people on the other side, against all odds, with three or four lobbyists against an army of 50 people, you know, David and Goliath, saying, you know what? We can't do this. I can't go to sleep at night knowing that I'm creating potential harm for people.

So I disagree with you on that, but there's some good points in there. Yeah.

BILL ADKINSON: But on that, hopefully--

[LAUGHTER]

--we can agree that everything's been vetted on the discussion, because we do need to move on to the next issue.

MATTHEW DAUS: Yes.

BILL ADKINSON: Well, thanks.

MATTHEW DAUS: We're vetted on this side of the table.

[LAUGHTER]

JULIE GOSHORN: Before we move on, I just wanted to check and see if Brooks had anything he wanted to share about cities, in the transportation space.

BROOKS RAINWATER: I think what I would just share on cities, in the transportation space is, this is, kind of, the key factor that cities are focused on within the sharing economy right now. I showed the numbers earlier that 64% are, kind of, supportive of the idea of ridesharing coming into their cities. But at the same time, what we're hearing from interviews reflects a lot of what I'm hearing here, which is, how are these services different from taxis, or how are they different from livery services? And so I think it's trying to figure out what that difference is, and kind of explaining that a little bit more clearly.

And that's happening more and more through conversations like this, and through national conversations that we're having at the National League of Cities. But I think, to kind of bring it back to the data piece again, figuring out a way to share that data would help, kind of, solve a lot of these conundrums, would bring it back and cities would feel a lot more comfortable knowing what's happening on the ground. They want to also show that these ridesharing services could actually bring added value beyond what's happening right now with taxis. You know, because you would be able to prove that something different is taking place.

ASHWINI CHHABRA: Like, I can speak to that, actually. So we actually have an open offer to any city that would like to have data from our operations that's willing to work with us on the rideshare regulation to have access to that data. We currently are sharing this with the city of Boston, where what we will provide is trip data, each trip that happens on the streets of that city, you'll get a bundle of information. It'll be the pick-up location, obscured out to zip code levels for protecting privacy, and the drop-off, and the duration of the trip. And we'll work with the chief data officers of any cities that are interested in that.

Because, look, coming from the government, coming from the Taxi Commission where we had taxi data, I get that this is of value to cities that are thinking about, how do I improve traffic planning or city planning, generally? We have to weigh that against privacy concerns of our users. And those privacy concerns are going to trump the desire of governments for more data, but we understand that we can do this in a way that protects privacy, but also provides that data to the cities. And we stand ready, also, to help those cities make sense of this data. These are

large datasets, and so we've initially done this partnership with Boston, but happy to do it with more markets as well.

MATTHEW DAUS: Would you be willing to do that for the universities that actually support the cities, too, and make data available to academics so that we can do an Uber hackathon and maybe look at some data? Because, really, the cities are relying on universities, too, to do some of this interesting transportation data analysis. And I know that they're very much clamoring to get some very protected-- you know, all the proprietary stuff taken out-- some data from Uber to analyze trips, and where people are going, and how often, and.

ASHWINI CHHABRA: And--

MATTHEW DAUS: Is that a yes?

ASHWINI CHHABRA: As well. And we've shared data with transportation academics previously as well. We actually have a whole lot of data scientists internally. And so, we will periodically put out analyses that, I think, people will find it helpful. But, no. With the idea of city planning directly in mind, that's a partnership, I think, it does make sense for companies to help cities figure out what the flow of traffic is on their streets.

BROOKS RAINWATER: That would be very helpful.

ASHWINI CHHABRA: Yeah.

JULIE GOSHORN: Thanks. So we've covered a lot of points about liability and insurance. So I'm going to short-circuit this a little bit. And Ashwini, let me just ask if there's anything that you want to share that you haven't already shared about insurance or liability allocation? And it's OK if your answer's-- there's nothing else.

ASHWINI CHHABRA: You can't talk too much about insurance.

JULIE GOSHORN: OK.

ASHWINI CHHABRA: So--

JULIE GOSHORN: Go ahead.

ASHWINI CHHABRA: No. Well, it is worth spending some time on, because--

JULIE GOSHORN: Yeah.

ASHWINI CHHABRA: --even though it's sort of the driest part of the conversation, it seems to underpin a lot of what the gap is on both sides. So as I mentioned before, we've been working a lot with insurers, and the insurance company didn't always see eye-to-eye on what the requirements were. And I think the insurance industry's actually evolved its position on this topic, so as of a few months ago, where we actually reached a national compromise with the

insurance industry that sets out the parameters for effectively insuring TNCs and TNC drivers. And so now there's model legislation that's being implemented in several states that puts the onus on Uber and any other TNC to carry coverage for all instances where the driver hasn't purchased his or her own TNC-specific policy. But it also allows personal insurers to continue to innovate by developing insurance products specifically for TNC drivers.

So far, we're aware of nine different insurers that have filed policies to cover TNC risks in 11 different states. The companies include some of the largest personal insurers in the states, such as Allstate, Farmers, USAA, Geico, and Progressive. So there's clearly a growing market, and I expect we'll see more. The agreement with the insurers also made clear that it's not necessary for a TNC driver to carry a commercial auto policy the way that taxis do. That's because a taxi and the TNC is a different thing. A taxi is a vehicle for hire. The sole purpose of that vehicle is commercial use. The TNC vehicle's a personal vehicle that's occasionally used for a commercial purpose, similar to how a Realtor, pizza delivery guy, or a lawyer might use their personal vehicle. The national model provides clarity for the consumer and the public about which insurance is in effect at any given time, and it provides riders, drivers, and the public with substantially more insurance than is typically required of taxis.

TNCs carry a million dollars in coverage while they're engaged in a prearranged ride. Taxis vary from city to city, and sometimes are strikingly low. Philadelphia, Atlanta, Boston, and here in Washington, DC, taxi limits are no higher than \$50,000. So TNCs carry 20 times more coverage than taxis in some places. In the analog world of the taxi, there's really no way-- and Matt's right, with technology, you now can, and so maybe you will see insurers developing specialized products for taxis-- but right now, and historically, you've not known what a taxi was doing.

Was he on a trip, was he cruising, was he heading home at the end of the shift? And so the insurance requirement of necessity had to be all-encompassing. It had to, by definition, be excessive. But that's not the case with TNCs.

MATTHEW DAUS: Yeah. I just have a question. Why couldn't that model legislation apply, in your view, to the taxis and limousine companies that have part-time drivers if it's so good for them?

I mean, I'm trying to understand the rational basis for having a distinction. I mean, you pointed out some distinctions on taxis and regs. I don't understand what the underwriting difference would be, and why we couldn't do that. Is that something you'd be open to?

ASHWINI CHHABRA: So with TNCs, I think we've identified a period one, a period two, and a period three, and the technology allows you to determine what period a driver is in. I believe, in sort of the analog world of taxis--

MATTHEW DAUS: Mm-hm.

ASHWINI CHHABRA: --there isn't a way of knowing that. There may be in the future.

MATTHEW DAUS: But if they have apps, then you wouldn't have a major problem with that.

ASHWINI CHHABRA: I would not have a problem with what the insurance requirements are on taxis.

MATTHEW DAUS: Mm-hm.

ASHWINI CHHABRA: That's-- we've never stood in the way of--

MATTHEW DAUS: Right.

ASHWINI CHHABRA: --changing the regulations on those.

MATTHEW DAUS: But I mean, just to clarify one thing, though, like, there may a couple of cities that have really low taxi insurance, but most taxi liability minimum limits are higher than personal limits in many states. And the limos are off the charts, I mean they're \$1.5 million, \$1 million in excess. So the folks that are driving around in limos have much higher insurance, and I think, there's a real issue. I think, it's making its way through the courts as well, on whether the existing policies, what are we doing with them? Forget about the new policies, but you have commercial exemptions to personal policies that are winding its way through the courts for the last two years, irrespective of any new solution.

So I mean those issues are kind of percolating out there, too. If you and I drive our cars, and we start picking people up off the street, typically, they will say you have no coverage because there's an exclusion in that policy. And there were, basically, almost half the states' insurance commissioners have issued insurance gap warning to this effect. Now, I don't know whether this new compromise, how that sits with them, but I'd be curious to know what they think of it.

JULIE GOSHORN: So let's just bring it down to the other end of the table for a short discussion from David, and a response from Vanessa, if you please.

DAVID HANTMAN: So I actually think the insurance issue in our world is very instructive for two reasons. First, we've offered a million dollar host guarantee for a few years now. When we started out as a company, we didn't offer anything. And so, basically, hosts were on their own if some damage occurred to their property.

We learned that that was a bad idea, and that we had a responsibility to help, and so, we instituted a million dollar host guarantee. It rarely comes into play for a significant amount of money, but if someone spills coffee on your couch, or steals something in your apartment, breaks a door, whatever, we cover it basically. And we're insured by Lloyd's of London, and in turn, we sort of cover these things.

So that was, I think, an example of us learning what we could do to help, one of the many tools we could provide. But then, for a long time, we kept hearing about liability insurance, and how people were afraid that their own individual insurance would not cover slip-and-fall with someone who was staying as a result of an Airbnb stay, not only for the host, but also for the building, if there was a landlord, if it was an apartment building. And we went out into market.



We tried to get insurance for a long time. And insurance companies kept telling us, we have no data, we have no idea what's going on here.

We don't know how to judge how much this should cost. We have no tables. We work on tables. So we couldn't get it. We then, now, 35 million people later, who have stayed on Airbnb, we went back and we tried again, and we shared, sort of, an itemized statistics, and the insurance company said, oh, basically, nothing ever happens. Great. Here's an insurance product.

And that took a while, but it's something that we wanted to offer, we needed to offer, we thought it was important to offer, and it's just a matter of the market catching up. And I think the best thing about it was that we showed the data that indicates that the insurance should be cheap, which it is. And so now, people have this back-up insurance if their insurance doesn't cover it. I think that's a critical part of these platforms.

VANESSA SINDERS: And I would just add, from the hotel perspective, I mean, we are businesses that have been operating for decades, and our companies carry a multitude of different insurance products, from employment practices liability, and Workers' Comp, to commercial property insurance. And really, this insurance covers every possible contingency, and it's all about protecting the guest, our employees, our properties, and the surrounding neighborhoods.

JULIE GOSHORN: Thank you.

BILL ADKINSON: Great. Thanks. And we want to move on to, as we've been discussing, ways in which there's protection of consumers and also of third-parties from harms that might impact them. But there are additional public policy goals, public accommodations, one might call them, that also arise and raise issues in this space.

So first, I want to talk about three of them that arise in the accommodations area. First is zoning and restrictions on short-term rentals that impact neighborhoods and neighbors. Dave, what challenges do these restrictions place on hosts, and how should these restrictions be tailored, and what is Airbnb doing to try to address the sorts of concerns, like noisy neighbors, that may arise?

DAVID HANTMAN: Sure. So again, I think we get right into that difference between people doing this once in a while in their own home, and people who do this for a living, whether it's multiple listings in a building, multiple listings throughout a city, or just doing it around-the-clock, even in one listing. I think if you look at what's really happening out there, most of these people do it once in while. We feel pretty strongly that that's not a business, and so, if it's a residential zoned area and someone is renting out their apartment when they're away on vacation for a week a year, that shouldn't change and doesn't change the nature of that listing. And I think many cities have agreed with that around the world.

It certainly makes us a little nervous when it's hard to define, and it's basically, these zoning laws may be on the books for 100 years, and only now are governments trying to figure out whether to apply them to roomers and boarders who were there for a week. They haven't before, but with

pressure, maybe they will. And so, we are working hard to make the laws clear, and to work with governments to make the laws clear.

We've advocated pretty consistently around the world for a few years now, just to exempt people in their primary, and maybe, in some circumstances, secondary homes. We don't argue that people should be able to have 50 listings. We've said, you should increase the penalties and enforcement on people who are doing this as a business without a license. The question is, people who are doing this when it's not a business, once in while, how do we get those people exempted from either the short-term rental laws, zoning laws, in some cases, laws that have nothing to do any of this that were passed 80 years ago, for some other random reason, might apply to short-term rentals. And we're just trying to clear that path.

We're in 34,000 cities. We have, I think, a million listings now around the world. It's not easy to address every single one of those at once, but we are working really hard to do as many as we can.

BILL ADKINSON: Let me ask you one other before I ask Vanessa. Another one's that pretty important to cities, which is, local governments' interest in tax collection, and what your approach to that is, in terms of where you step in and, well, I guess, collect and pay taxes on somebody else's behalf.

DAVID HANTMAN: Sure. So we've, for a long time, I'll just take this country, since we're in this country, we offer 10-99s, and so, all income earned on Airbnb, we offer the tax forms for. There are separate transient occupancy taxes, hotel taxes, sales taxes. In New York, I think it's between four and six taxes, depending on who you are and what you're doing in New York City. It's very complicated for hosts to understand whether they owe anything, and in cases where they think they owe something, to pay it.

So we went through a couple years of just trying to figure out how to help and what to do. We don't always think that the tax is owed, because someone doing this a week a year is not a hotel. But we've said pretty clearly, if a city thinks it's owed, or a state thinks it's owed, we want to help collect and remit it. We are doing so, I think, in Portland, and San Francisco, in a couple of other cities.

We offered, as I said, to do it in New York. There's a law that prevents us from doing so right now, because we're not the proper party to collect the tax. We've asked for a simple change in the law. And as I said, the hotel lobbyists came out and said, please don't let them change that law. We don't want them to pay taxes, all of a sudden.

So we're in this weird world of a company that wants to collect and remit more tax. In New York, it would be about \$65 million a year right now. We can't figure out how to do it, but I think we'll get there. It's hard to see how governments will continue to say, we don't want this money.

But that's our position worldwide. We're going to as many jurisdictions as fast as we can to strike agreement on understanding what the tax is, who we're going to give it to, and collecting and

remitting it, as much to prevent our hosts from having to deal with this as anything. But we want to also embrace and help cities that we're in.

BILL ADKINSON: So do you have any sense of how much the total revenue is taxed on Airbnb? I mean, host-generated revenue.

DAVID HANTMAN: I don't. Again, in New York, it would be 14% or so percent, if we were allowed to collect and remit it.

BILL ADKINSON: So Vanessa.

VANESSA SINDERS: Right. Well, on the tax issue, it's great that Airbnb is collecting tax in certain jurisdictions. But again, from the hotel perspective, we don't get to pick and choose what jurisdictions we pay taxes in, or where we collect and remit occupancy or sales tax from that guests that's stay in our rooms and in our hotels. And that tax revenue is important to the communities where the tax revenue is collected, providing them with the resources they need to provide the various services.

And I would go back to the zoning issue for a second, too. Again, I would give just the hotel perspective. You know, when a hotel is built in any community, those neighbors are aware of the project, and they have an opportunity to make their concerns known and have them addressed. Hotels are built in commercial areas.

In contrast, I think of a family who buys an apartment in a big city, like New York or Los Angeles. They don't expect that living next door to them, and that, next door to their apartment, they're going to have folks coming and going every day, or a couple times a week. That's not what they signed up for. A revolving door of strangers is not what they signed up for. But increasingly, as a result of Airbnb and other new market players that facilitate these rentals, that's occurring.

We hear countless stories of that happening, and I think New York is ground zero. And you know, I don't think we're talking about the individual who rents out his or her home a few times a year. That's been happening for decades. What we're talking about is large commercial interests basically creating rogue hotels and skirting the commonsense rules, regulations, and privacy rights.

BILL ADKINSON: Great. Oh, sorry. Oh, please.

DAVID HANTMAN: I just want to say, so, I mean, if you listen carefully, it sounds to me like we're agreeing, right? I mean, we are also not talking about rogue hotels, or defending rogue hotels, or a law passed to do anything other than punish rogue hotels. We are talking about trying to get a law that allows people to do this once in while, and we can't get that done. And I think that's why I have so much hope. It's a little frustrating right now, because we seem to always be arguing against each other, while agreeing at the same time.

But that's why I hope this is going to work. Because we really only want, I think, the same thing, which is, we want to collect this tax. Although, it's a little interesting, you say, you can't choose when and where to collect and remit tax, but you are actually choosing not to let us collectively and remit tax in New York right now, your industry.

We'd love it if we could do that and be on the level playing field that you've discussed. So I think we basically agree, so maybe we'll get there, maybe not today. Maybe tomorrow.

VANESSA SINDERS: I would just add one point on New York. I think, from our perspective, different states and cities are going to decide what is best for them, in terms of how to protect their communities and in dealing with these rules. And in New York, it's illegal for a short-term online rental. In Santa Monica, they passed a law that allows for homesharing, but you have to have a license and pay occupancy tax, but it doesn't allow for rentals if you're not home. So different cities and states are going to address it differently in their best interest.

BILL ADKINSON: I also want to mention that there was one-- actually, several comments that came in discussing the impact of Airbnb on the stock of affordable housing. Express your concerns about that. And I also wanted to give you a chance to respond to that and what Airbnb's view is regarding its impact on affordable housing, in New York City in particular.

DAVID HANTMAN: Sure. So look, our company was founded in 2008 by a couple of people who couldn't pay their rent. They're incredibly familiar with what it's like to live in a city that's unaffordable. They hosted people on their floor, on air mattresses, during a convention because they could not make their rent. They were very concerned about this.

It's why, I think, the company has succeeded over time, and why so many people open up their own homes on Airbnb, because they need that money to make the rent. And so, as a company founded and, sort of, increasingly dependent on people who are doing this, at least at first, to earn a little extra money to stay in their homes, we're incredibly concerned about the impact we would have on cities, and we look into this all the time. We would not want to be a company that drives up rent or decreases supply. We've commissioned studies. We've looked into this issue at length.

It's pretty clear we don't have that impact, certainly not a significant impact, if any. There are a lot of market forces right now in big cities like New York, rent control, and rent regulation, and people making more money, people moving into cities, cities becoming much safer, attractive places to live, that are driving up rents enormously. And I recently moved to New York, and I can attest to that. It's impossible to find a place.

If you look at the percentage of what Airbnb, even taken to its extreme, growing sort of to infinity right now, would impact rents, it's still very small. That said, you know, if you're in your own home renting out a couple weeks a year, you can not possibly be taking housing off the market. Just by definition, you're in your home, you're staying in your home, and that's actually good for affordability. For instance, if we heard that someone had an entire building on Airbnb, and there, they were transacting short-term and taking housing off the market, and driving

down supply, even if we thought that wouldn't impact the overall cost because it's such a small number, we're concerned about it.

BILL ADKINSON: OK. Great. And I'm going to ask Ashwini and Matt to spend one minute each on what we have discussed as the large issues of handicapped access, and also the question of duties to serve all communities. Because we don't have much--

MATTHEW DAUS: OK.

BILL ADKINSON: --time left.

MATTHEW DAUS: Oh, you don't want to talk about taxes anymore. New York is a strange place for taxes, by the way. Three truths are self-evident, death, taxes, and high-tech companies that can't figure out with the government how to pay them. But we have an unequal playing field, actually, which I think is very relevant here in New York.

There's the MTA tax, this where the taxicabs, the passengers are taxed to pay the competition, which is the subways. And now, you know, the limos, and Uber, and some of these big companies doing the same thing, but they don't have to pay the tax. And then some companies pay sales tax that are doing limo services, but livery services don't. It's just, it's all over the place.

But on the accommodation issues, we didn't talk a lot about surge pricing here today, and that's one unfair advantage that Uber has over the cabs, because they can surge price, because they have closed, regulated taxicab fares. And you know, what that does is, create a situation where people who are disabled, and people who are in underserved communities, and who are poor, like the people who started Airbnb and can't afford to rent, they can't use an Uber. Everybody wants to use an Uber, right? They want a beautiful car, with a driver who's in a suit. Really, a limo.

But they can't afford to pay three or four times the rate of fare. And so in certain communities where there are people who are indigent and can't afford that, they can't have their Uber, and also at the same time, people who are disabled because there is not necessarily-- and this goes for taxis and limos, too, this is not just an Uber issue-- there's not necessarily a dispatch system for wheelchair-accessible cabs outside of Chicago and New York. So I think there's a legitimate civil rights issue that disabled people have when it comes to not just the TNCs, but in general. But if you don't have a wheelchair-accessible vehicle, I guess you can't take an Uber, right?

So that's kind of my viewpoint on it. Those are issues that have to be addressed on a broader scale, outside of the issue with your company, I think. It's the next big civil rights movement, I think. And I think, at one point, you're going to see, probably, every form of transportation have some type of a wheelchair access, because we have an aging population. And I think the members of Congress, as they get a little older, are starting to realize that, too, that they need to take care of the transportation.

And the ADA does not go far enough in a lot of different ways, and I think public transit is woefully unable to handle these needs. So I'm hoping, at some point, as a result of the TNC

debate, where the taxis and limos are facing-off, then we'll have some real service. But it doesn't mean every cab and every Uber. I think that's outrageous to say, and I fight with the advocates on this all the time.

It's outrageous to say that you should have a ramp in every single vehicle that's out there. I think the dispatch system that New York has, and Chicago has, if you have the right number, is very efficient. But to then go into a city like Seattle and say, we don't want to provide the service at all, or to lobby, saying, we don't do that, taxis do that, I think that's not right, either.

BILL ADKINSON: Ashwini, could you respond and--

ASHWINI CHHABRA: Sure, sure, yeah. So I don't think anyone goes into a city and says, we won't provide the service, that's what taxis do. If you go to Brooklyn right now, you can get a wheelchair-accessible vehicle to pick you up on Uber. You couldn't do that a year ago. You couldn't do that with taxis. The vehicles weren't there.

I mean, Matt's right, that if the service isn't there on one platform, it's not there on the other. Like taxis, there weren't accessible taxis in New York more than a few years ago. This is all, sort of, happening now. And I think everyone's got more work to do on this.

The app permits-- it does bring some advantages. So deaf and hard of hearing passengers are able to access transport in a way that they weren't able to before. We just put out some modifications to our app that allows deaf and hard of hearing drivers to actually work on the platform. The communication is textual with the passenger. The Voice Over iOS features of the iPhone allow visually-impaired riders to finally use transit in an unassisted fashion.

And in several markets, we're piloting and we're learning from wheelchair-accessible services as well. So in DC, Philadelphia, New York, Chicago, LA, and San Francisco, there are wheelchair-accessible vehicles on our platform. And as we learn from those experiences, we'll be able to improve that as well.

MATTHEW DAUS: I actually apologize, because I was wrong about New York.

BILL ADKINSON: I'm sorry. I should let Julie move to the next issue.

MATTHEW DAUS: Oh. Can I just say one quick-- I mean, you're right for bringing up the New York exception, but that's the exception also, because it's got a great regulatory system, and because Uber complies with all the laws there. And I think that's something we haven't talked about, is that Uber and Lyft are required to get licenses like everybody else, and they don't need the same TNC laws that are around the country.

And I do believe that, yes, there are the green cabs being used and I think that's a good thing. But New York is really the exception, not the rule. The rest of the country, there's a different path, as you can see from California, going west, and progressing east.

ASHWINI CHHABRA: I mean, you and I can sit here and talk about how great New York is--

MATTHEW DAUS: Of course.

ASHWINI CHHABRA: --until these people--

JULIE GOSHORN: But can you talk about it in one minute?

ASHWINI CHHABRA: Yeah, probably.

[LAUGHTER]

JULIE GOSHORN: So I'm going to just exercise a little bit of moderator privilege here and collapse our last two issues. First of those, I think we've talked about a lot on this panel and at other times during the day, and not about data's disclosure. So I invite you, in the small amount of remaining time we have, to mention anything that you haven't had a chance to mention.

The second issue is what I've been calling affectionately the crystal ball question. If we were all to convene in a year, in 18 months, in 5 years, what do you think the landscape would look like? What predictions can you give us? So I invite you all to make your closing remarks. I want to start with Brooks on this one, because you've been quiet down there for a while, Brooks.

BROOKS RAINWATER: Well, I think start by reiterating, as I've said, data sharing is so important. And it was great to hear from some of the folks on the panel that they want to do more of this. So kind of to close, I would like to first reiterate that city's make the sharing economy work. This is happening in the urban environment, and the future, in my view, is exciting, and the sharing economy will continue to grow, change, and broadly influence more and more sectors of the economy.

There are a number of key areas that I think will have a big impact 5, 10 years down the road. Labor classifications. We touched on this a little bit, but I think we need to think differently about the way we classify this new and growing part of the workforce. It's fundamentally a question about whether these workers should be considered contract workers, as they are now, full-time employees, or perhaps some kind of hybrid model. While this has important implications for cities, I do believe that the federal government will need to play a role in this regard in much the same way as current federal safety net programs help further this type of work.

More thought needs to be given toward approaching this ever-growing section of the workforce. On, kind of, the homesharing side, I think we'll see new types of zoning classifications proliferate. Programs like Austin's zoning distinctions for short-term rentals will be recreated probably more broadly, as cities learn how to better incorporate these services in the current zoning guidelines. And then, kind of, building on the data thing again, data-sharing between platforms and cities will broadly take place, as they work together hand-in-hand to improve everyone's end-to-end transportation experience.

And, kind of, getting back to, kind of, the key piece here, the city of the future must be a city for everyone. When I'm thinking, I want to wake up in 2025 and look around, we want our cities to

be socially-cohesive, environmentally-positive places, where the benefits of sharing economy growth and new technologies enhance quality of life. And I think we can do that by all working together. Thank you.

JULIE GOSHORN: Thank you. Vanessa, let's hear from you.

VANESSA SINDERS: Thank you. Well, I would just start on the issue of data and privacy. In the hotel industry, we do everything we can to protect our guest data and their privacy. With five million guests checking into hotels each day, it's extremely important that we are good stewards of information for our guests.

Additionally, we're a transparent industry. We have publicly-available information to see how many hotels there are, how many rooms are available, and how many guests stay in hotels each year, and in terms of closing, I would go back to, we welcome competition. We are, by nature, a competitive industry that continues to innovate and drive economic growth and jobs. But a successful, competitive market means that everyone plays by the same rules. And new entrants to the marketplace, like Airbnb and others that are transacting business and impacting people each day need to respect the rules of the road in order to protect consumer safety, and security, and the integrity of neighborhoods and communities.

These platforms might have started as mom-and-pops, individuals occasionally renting out their room to make some extra money, but that's not where the growth and the focus is today. The New York Attorney General's report again cites that 6% of those hosts make about 40% of the revenue, and that is a clear indication that commercial interests are dominating the market. We look forward to innovating and competing, again, on a level playing field, and we believe that the future is bright and exciting for the hotel industry. Thank you.

JULIE GOSHORN: David, to you.

DAVID HANTMAN: So first, thank you. And I also believe that the future for the hotel industry is bright and exciting.

[LAUGHTER]

I think, on data, anyone who reads about us knows how strongly we protect personal data of our users. We've gone through a lot to do that. I do agree that we should be sharing more anonymized data. We should be proud of the data we have, and we should share it, because numbers that are thrown around like this, the 6%, the 40%, the 72% illegal, they're all wrong. But we can't prove it unless we share our data.

So I think we're going to have to continuously do that, and I think that this conversation will change over time as we see it. For instance, a smaller percentage of people over time are doing this as a business, as opposed to regular people. But until we share our data, it's going to be hard for us to prove that. So we're going to, I think, work on that, and stay tuned.



In terms of where the world is going, I'm confident we're going to work all this out. I do think we, in general, agree. Most people agree that homesharing should be legal. Most people understand that there's a difference between people doing this once-in-a-while in their own home and doing it as a business. Government, after government, after government are making those distinctions, and will continue to do so.

So in some ways, I think that's the easy path now. It's pretty clear that so many people are doing this, people are moving away from ownership into experience. They want to go where they want to go. They want to experience the world in new ways. They don't care as much about whether they own a home, stay in the same place, own a car.

They want to do things a little bit differently, and the sharing economy is letting them. I think what's most amazing about the sharing economy is not the companies here at the table, or the people who are currently in it. It's what those people are going to create. Everyone who's in the sharing economy earning a little extra money or time by using resources they already have is doing something with that time. Some of them are starting businesses that may be the next Apple.

Some of them are spending time with family and getting experiences they couldn't otherwise get. And we don't know what that's going to be like, and we should be encouraging it, and watching it, and be excited about it. And I think that's where we're going to go. We're just at the tip of what the sharing economy's going to give the world, and so I think what's really exciting is what's going to happen over the next five years there.

JULIE GOSHORN: Thank you. Matt.

MATTHEW DAUS: Over the next five years, what I think is going to happen is, most of the lawsuits that have been against the TNCs, they're going to lose. And I think, on constitutional grounds, a lot of these new laws are going to be thrown out, and we're going to be back at the drawing board redoing them. And I think what's going to happen is, we're going to have a new legislation that emerges that applies the same standards to everybody, whether it's background checks, or insurance, it's going to be the same for taxis, limos, TNCs.

The second thing is, is that I think the taxis of the future and the TNCs of the future, there's not going to be a meter anymore. I think history has shown that deregulation always leads to re-regulation, and we're in a period of promoting self-regulation and some deregulation. I think it's going to pull back a little bit. And meters are going to be iPads in the back of all vehicles that go into the cloud. And you're going to be able to monitor the meter like you do now, on your smartphone app.

I don't believe autonomous vehicles are going to be out there on the road in our lifetime. I think we will have connected vehicles, where the OBD data from the car goes into the apps and it's shared. On the data and security, I'm not optimistic that there's going to be a lot of government sharing of data that we're looking for, with academic institutions and government. I think it's going to be better than what we have now, which are basically FTC and White House reports that are out there, but no action being taken by Congress.

So I think we'll have a little bit, and we'll have some incidents of hacking. We, unfortunately, will have people being outraged about private data being used and we'll have something, but it's not going to be anywhere near the government taking full control. And finally, I think all these apps are going to be in everybody's pockets everywhere around the world. And the transportation apps that are being used are the key to selling new products and services, seeing what your desires are and what they want to sell you.

Number two, it's already happening now. They're logistics companies, these companies. There's a reason why some of your investors, and Lyft's investors are involved in getting products to you. And last, but not least, the good news, for transportation people is, there's going to be more integration between mass transit and private transportation.

Apps are already out there that are connecting Ubers, and taxis, and limos to mass transit. So I think the future's going all be here in this little device. It may be bigger or smaller. I'm not sure which direction we're going in. But that's my prediction for the future, and you can hold me to it.

JULIE GOSHORN: Thanks, Matt. Final word to Ashwini.

ASHWINI CHHABRA: Sure. So I can't let go of that initial question, sort of, what's the appropriate role of regulation? So that's kind of what I want to talk. And for me, there's a little bit of, what's the appropriate government entity to have an interest in this, or what's the appropriate level of government that should be interested in this thing?

David said something earlier about government are paying attention to this at a time when they least need to pay attention. And I kind of get that, but at the same time, now is when this stuff is interesting, right? Mayors didn't care so much about the taxi industry.

They just wanted it to work, and they didn't want there to be discrimination, or accidents, and that sort of stuff. But beyond that, it was taxis, it wasn't mass transit. It wasn't something that was going to change the face of the city. We're now at a point where these innovations are going to change the face of our cities.

And that's why Brooks is very interested, because his constituents really care about the outcomes of what we're talking about here, not just for the data, but because it improves the life of those cities. I mean, we go to National League of Cities, we go to US Conference of Mayors, because those are the people who get what we're trying to do, and they want more of it. And so that's why there's regulations that have been passed in those 40 jurisdictions I mentioned.

So what this comes down to, for me, is what are these platforms delivering that taxis couldn't or didn't? It is access to small businesses on a scale that wasn't possible before. It is reduction in DUIs on a scale that wasn't possible before. It's serving underserved areas. It's reducing discrimination and mobility.

And now the part about, sort of, the future-looking, the crystal ball piece, and I'm not looking one year into it. I'm looking 35 years into it. So the data on the growth of cities is that, by 2050, we're going to go from what, in 1900, was one in seven people living in cities, to what is today,

one in two, and by 2050, will be two out of three people on this planet will live in cities. So 2 and 1/2 billion more people are either going to move to or be born in cities. And you think it's a parking lot trying to get home now. It's going to be so much worse.

I mean, what we see in Mexico City, what we see in Beijing, that's going to be DC and that's going to be, I would say LA, but it probably is already there.

[LAUGHTER]

And that's what cities need to be grappling with now, and are thinking about now, and that's why, I think, they're excited about these platforms. You're going to need a lot more places for people to live. You're going to need more schools for them to go to, jobs to go to, and parks to go to. And you're going to have to figure out a way to get them there so that doesn't cripple the system.

We're not building much more mass transit there. We're not building new roads. We should, and we probably will between now and then, but there has to be this portfolio of options that gets people comfortable enough to say, I don't need a private car anymore. I have the option of mass transit, which has to be at the center of all this, and ridesharing, and taxis, and bike sharing, and walkable streets, so that I feel comfortable not taking the car out today, or not having a second car, or not having a first car. And that's where the crystal ball that interests me, and I think probably interests all of us to some extent.

JULIE GOSHORN: Thank you, very much.

BILL ADKINSON: Well, I thank the whole panel. It's been a great education for us all here. And we've gone a long, unfortunately, this afternoon so far. So if people can keep this break down to 10 minutes, we'll try to catch up some of that time.

JULIE GOSHORN: Thank you to our panel.

[APPLAUSE]