STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

April 24, 2014

The Honorable Ken Bennett
Secretary of State
1700 West Washington
Phoenix, AZ 85007

Re: House Bill 2262 (transportation network services)

Dear Secretary Bennett,

Today, I vetoed House Bill 2262. The bill would have permitted transportation network companies (TNC) to operate in Arizona without the fundamental safeguards necessary to protect passengers, TNC drivers and the public.

Consumer safety must not be sacrificed for the sake of innovation. Under this legislation, TNCs are not required to have their drivers undergo pre-employment and random drug testing. Arizona employers have effectively used employee drug testing as a way to ensure a drug free workplace. This is a vital tool to ensure that passengers and other drivers on the road are protected from drivers operating under the influence. My Administration made it clear to all stakeholders that drug testing was an essential provision to be included in this legislation.

House Bill 2262 also created gaps in insurance coverage that resulted in a financial risk to the TNC's drivers, passengers and other motorists. The TNC drivers are using their personal vehicle for a commercial activity. Personal auto insurance policies typically exclude coverage when the vehicle is used for a commercial activity. The legislation does not require a TNC to provide commercial coverage for damage to the driver's car, coverage for injuries suffered by the driver or property damage as a result of an accident. This insurance gap leaves the TNC driver exposed to severe financial risk. In the larger context, this uncovered exposure likely would have led to significant increases in insurance rates for all Arizona consumers and unnecessary litigation.

Financial institutions that make car loans require that the borrower maintain comprehensive coverage on the vehicle at all times. These loans are secured by the car and the insurance gaps created by House Bill 2262 may cause the financial institutions to either force

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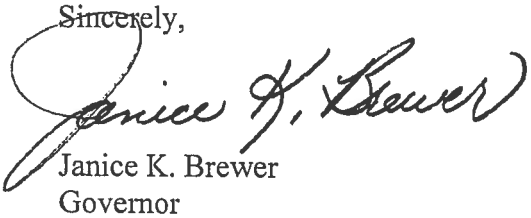
commercial coverage onto the borrower or immediately call the loan. Further, this legislation would have made Arizona the only state to allow commercial activity involving motor vehicles to be uninsured, and in the end, the cost of auto loans likely would have increased for all Arizonans.

Arizona welcomes the TNC industry and offers these companies a business friendly regulatory environment. This legislation, however, places Arizona citizens at risk of deficient insurance coverage, higher insurance premiums, and higher auto loan costs. It also would subject consumers to drivers who would not have been tested for drugs, unlike what is required for school bus, light rail, taxi and other public transportation drivers.

These concerns are among the primary reasons that I have vetoed House Bill 2262.

Sincerely,



Janice K. Brewer
Governor

cc: The Honorable Andy Tobin
The Honorable Andy Biggs
The Honorable Tom Forese