

August 25, 2014

To the Honorable Members of the
Illinois House of Representatives, 98th General Assembly:

In accordance with Article IV, Section 9(b), of the Illinois Constitution, I hereby veto House Bill 5331 from the 98th General Assembly.

The principle of home rule is an important one. In ratifying the current Illinois Constitution in 1970, the people of our State endorsed home rule for units of local government. This transformational approach to reallocating the balance of power towards local government and away from the State is perhaps the most significant innovation of the Constitution of 1970. Under Article VII, any home rule unit of government is authorized to: “exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare; to license; to tax; and to incur debt.” Illinois Constitution of 1970, Article VII, Section 6 (a).

House Bill 5331 establishes a framework whereby the State of Illinois will regulate “commercial ridesharing arrangements,” a new legal category of for-hire private transportation service. House Bill 5331 would, if enacted, mandate certain standards, requirements and consumer protections on a statewide basis, and thus limit the ability of home rule units of government to adopt alternative approaches. The legislation is a response to the regulatory and consumer protection challenges associated with the increasing utilization of a new technology that has given private vehicle operators the opportunity to offer rides on a for-hire basis to potential passengers they encounter through a virtual marketplace that both drivers and passengers access through a smart phone.

Notably, the City of Chicago, as a home rule municipality, has already enacted an ordinance, scheduled to take effect on August 26, 2014, that addresses many of the same concerns that this bill is designed to address.

Other units of local government may also wish to adopt consumer protections and other regulations to ensure a level playing field for all market participants. Such other units of local government may – or may not – follow the approach that the City of Chicago will adopt.

Given how new the technology is and that the City of Chicago’s new ordinance has not yet even taken effect, it would be premature – and perhaps counterproductive – to enact a rigid statewide regulatory model at this time. It would be more prudent to carefully monitor the City of Chicago's experience and the success and challenges it faces in enforcing its new ordinance. Similarly, lawmakers and the general public will also benefit from observing the experiences of other units of government that adopt their own innovative approaches to regulating mobile device-enabling ridesharing.

A statewide regulatory framework should only be considered when it is clear that it is not possible to address the problem at the local level. At this point, there is not yet enough evidence to make a judgment about the effectiveness of local ordinances in dealing with the challenges of ridesharing technologies.

To rush into a whole new statewide regulatory network before the need for one is clear would not only stifle innovation, it would be a disservice to consumers who utilize the service while setting a troubling precedent for the future.

Accordingly, I must return this bill without my approval. Therefore, pursuant to Article IV, Section 9(b) of the Illinois Constitution of 1970, I hereby return House Bill 5331, entitled "AN ACT concerning regulation.", with the foregoing objections, vetoed in its entirety.

Sincerely,

PAT QUINN
Governor