



Oregon

Theodore R. Kulongoski, Governor

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DATE: May 4, 2009

TO: Senate Business and Transportation Committee

FROM: Gregg Dal Ponte, Motor Carrier Transportation Division Administrator

SUBJECT: House Bill 2817-A

INTRODUCTION

House Bill 2817-A removes barriers for a person to obtain a certificate of authority for intrastate household goods moving, or be approved for an extension or transfer of existing authority. The bill adds a provision for household goods movers requiring criminal background checks of employees. The bill also deregulates pack and load service providers by eliminating registration and insurance requirements. Finally, the bill increases the penalty for unauthorized intrastate household goods moving from the current \$500 to \$1,000 per violation.

BACKGROUND

Household goods moving has historically been a very regulated service at both the state and federal level. Even after federal deregulation in 1995 preempted states from regulating the rates, routes, and service of most of the trucking industry, states were allowed to continue economic regulation of intrastate movers. This regulation is intended to protect consumers who generally have little or no experience using motor carrier service. There are currently 84 full-service household goods movers with authority to serve statewide or in specific parts of the state. These motor carriers have the right to serve expanding needs and protest applications for new authority or extension or transfer of existing authority.

Pack and loaders are businesses that provide a specialized labor service for those who want to rent a truck and move themselves, but not do all the packing and heavy lifting. Historically, these businesses were exempt from ODOT regulation if they did not directly or indirectly provide the truck used to move the household goods. But, also historically, many businesses advertising a pack and load service often provided a truck and operated as authorized household goods movers. Since 2003, pack and loaders have been required to register annually, pay an annual fee, and file proof of insurance. The regulation also applies to certificated household goods movers who offer this service. Pack and loaders are required to have general liability and property damage insurance with a single limit coverage of at least \$50,000 and aggregate limit coverage of at least \$150,000. They also must have at least \$10,000 coverage against loss or damage to a customer's personal property while in the care, custody, and control of the insured. This protects a consumer's property while the pack and load service provider is loading or unloading a truck, but not while the truck is in transit.

WHAT THE BILL DOES

House Bill 2817-A deregulates intrastate household goods moving by eliminating the need to meet a public convenience and necessity (PC&N) test when proposing a new service, an extension of existing service, or a certificate transfer. It also eliminates the right of existing authorized movers to protest an application and require a hearing to determine if there's a true unmet need for the applicant's service. Existing movers could not file protests when ODOT finds it is in the public interest to give an applicant temporary authority to operate for six months.

Under HB 2817-A, new applicants seeking to operate as a for-hire carrier of household goods, or seeking to extend or transfer existing certificates, will have their application approved if they show they're fit, willing, and able to perform the proposed service, their vehicles comply with Oregon safety-related laws and rules, the service is or will be in the public interest, the service will not damage highways or endanger others, their intrastate rates are approved by ODOT, and they meet insurance requirements. There are about 20 applications for intrastate household goods mover authority filed each year. This relaxation of entry requirements will probably not result in a significantly greater number of new applicants for authority because intrastate movers would still be subject to rate regulation. Some of the 57 individuals or companies currently registered as pack and loaders may apply.

If passed, the bill allows ODOT to establish rules requiring a household goods mover applicant to complete a criminal background check and meet a fitness standard that would be based on the applicant's criminal history. The bill adds a requirement that authorized intrastate household goods movers must obtain, and retain for at least three years, a criminal background check for each employee whose duties require contact with the public or entry to a public residence or storage facility for the purpose of providing a moving service. This new requirement addresses concerns of existing authorized movers and provides a measure of consumer protection.

HB 2817-A deregulates pack and load service providers by eliminating registration and insurance requirements. The law would specify that pack and loaders are exempt from motor carrier regulations if they don't provide or operate a vehicle for moving household goods or act as an agent for someone who does provide or operate the vehicle. This deregulation of pack and loaders eliminates a \$200 initial application fee and a \$100 annual fee, resulting in approximately \$12,000 less revenue per year for the Consumer Protection Household Moves Account. But HB 2817-A increases the penalty for unauthorized household goods moving from the current \$500 to \$1,000 per violation, which is estimated to result in \$30,000 in additional revenue each year based on past enforcement actions.

SUMMARY

House Bill 2817-A makes it easier for a person to become an intrastate household goods mover or be approved for an extension or transfer of existing authority. It removes one difficult test for an applicant and no longer allows existing movers to challenge that there's no need for the applicant's service. This should lead to a number of new applications and increased household goods moving competition in certain parts of the state.

The bill deregulates pack and load service providers, too, by eliminating registration and insurance requirements. A person who provides a service packing or moving household goods would be exempt from motor carrier regulation if they don't provide a vehicle for moving household goods or act as an agent for someone who does provide a vehicle. This reduces costs for these businesses, but should not lead to a significant increase in the number providing pack and load services.

Finally, the bill increases the penalty for unauthorized household goods moving from the current \$500 to \$1,000 per violation. This should serve as a deterrent to illegal movers.