



Oregon

Kate Brown, Governor

Department of Transportation

Director's Office

355 Capitol St. NE, MS 11

Salem, OR 97301

DATE: March 18, 2015

TO: Senate Committee on Business and Transportation

FROM: Gregg Dal Ponte, Administrator
Motor Carrier Division

SUBJECT: SB 182

INTRODUCTION

Senate Bill 182 would exempt certain for-hire carriers of household goods from economic regulation. The statutes and rules governing household goods and rate regulation can be found in ORS 825 and OAR 740. ORS 825.224 sets forth the basic intent regarding household goods transportation. This regulation was intended to protect consumers who generally have little or no experience using motor carrier service. It was meant to ensure that consumers have good, stable service available at reasonable rates, rather than an oversupply of service providers who could drive rates down to unsustainable levels.

DISCUSSION

Household goods movement has been subject to economic regulation in the state of Oregon for decades. Economic regulation in the past includes regulation of entry into the business, rate regulation, and approval of routes. In 2009, entry regulation was substantially simplified by the legislature (HB 2817) to now only require a carrier fitness standard that includes a criminal background check in order to get into the business as a new service provider. Aside from that simplification of entry regulation the legislature chose in 2009 to leave rate regulation intact.

The purpose of rate regulation is to protect the public from possible excessive profit taking and to ensure that in pursuing competitive pricing to attract business household good movers retain enough profit to remain in business and to maintain and operate a safe fleet. We are unclear how ODOT could perform this task if it does not ask for financial statements or tax returns to look at for the purpose of conducting the legally required profitability analysis. It also seems reasonable that an applicant for a rate change will have to wait for as long as it takes for him or her to submit the financial documents required for this review to take place.

Oregon law requires ODOT to establish territories. A household goods certificate is granted for local cartage and/or other than local cartage authority, sometimes referred as the carrier's territory. The local cartage and/or other than local cartage authority is determined in the application process requiring the applicant to demonstrate that they are fit, willing, and able to perform the services in the areas requested in the application. The "territories" aspect of economic regulation attempts to ensure reasonable pricing for the geographic location being served.

SUMMARY

ODOT strives to administer economic regulation responsibilities in the manner envisioned by the legislature. We have become increasingly aware of illegitimate entities holding out to perform household goods moves without acquiring authority to do so. ODOT has conducted enforcement operations repeatedly over recent years working in partnership with local police agencies. In an enforcement exercise last week in Portland, multiple arrests occurred for reasons including driving while suspended, possession of heroin and a parole violation.