

**SUBJECT:** Regulating motor carriers of household goods

**COMMITTEE:** Transportation — committee substitute recommended

**VOTE:** 7 ayes — Alexander, Siebert, Finnell, Hartnett, Hawley, Pickett, Uher  
0 nays  
2 absent — Edwards, Hill

**WITNESSES:** For — Terry Arnold, Southwest Movers Association; Darrin E. Coe, Westlake Moving Company, Inc.; Kevin Gainer; John M. Mondics  
  
Against — Pam Currie and Ben A. Meharg, Blue Whale Moving Company; Mark Foster and George Killick, Wee Haul, Inc.; Rob Priday, 100% Moving & Storage; Harrison P. Smith  
  
On — Janee Briesemeister, Consumers Union

**BACKGROUND**  
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The 74th Texas Legislature enacted SB 3 by Bivins, generally deregulating commercial motor carriers, generally defined as operating vehicles with a gross weight of more than 26,000 pounds. Commercial motor carriers are required to register with the Texas Department of Transportation (TxDOT) and maintain liability insurance.

Under the law, TxDOT is required to establish rules for protecting consumers using the services of a registered motor carrier. Collective associations of motor carriers transporting household goods or their agents must provide, at their expense, a method of mediation for resolving disputes with consumers over fees, damages, and services.

**DIGEST:** CSHB 1418 would require all motor carriers transporting household goods for compensation to register with TxDOT, regardless of their weight. TxDOT would have to adopt simplified registration procedures for motor carriers moving household goods as agents for other motor carriers.

CSHB would delete current provisions requiring a carrier-funded mediation program. Instead, it would direct TxDOT to appoint a rules advisory

committee consisting of representatives from the department, motor carriers transporting household goods, and the general public. The committee would be charged with examining TxDOT consumer protection rules and make recommendations to modernize and streamline those rules. TxDOT could accept any part or all of those recommendations. Members would serve at the pleasure of TxDOT and receive no salary or be reimbursed for expenses.

The bill would take effect September 1, 1997.

**SUPPORTERS  
SAY:**

CSHB 1418 would create a more level playing field for all carriers transporting household goods by requiring operators with smaller trucks to comply with the same registration requirements and liability and cargo insurance standards now placed on the larger movers. Expanding these requirements to smaller movers means better protection for consumers overall, particularly middle and lower income consumers who are more likely to contract with local operators.

Smaller movers offer lower prices to consumers, but often fail to pay customers for damages suffered. Bringing them under TxDOT regulations means consumers have more options for seeking redress when there are problems.

CSHB 1418 recognizes that smaller movers operate under different constraints than larger operators. For this reason, it would eliminate the carrier-funded mediation program and set up a new advisory committee to help TxDOT develop comprehensive consumer protection rules. This would allow smaller operators to have a voice in developing any new consumer protection program and its funding options.

**OPPONENTS  
SAY:**

CSHB 1418 would not create any great benefits to consumers and would unwisely blur the regulatory lines between large shipping companies and smaller movers. Imposing new liability and cargo insurance costs on these smaller operations would result in higher overall moving costs for consumers, most of whom are unable to afford service from the large household movers. The average customer of the smaller moving companies have piecemeal or one-room moving jobs that the larger companies often refuse to take because they do not generate enough profit. It would be unfair

to mandate that smaller companies with limited profit margins and fewer employees obtain the same level of insurance as larger interstate carriers. Such insurance requirements are not placed on any other types of carriers operating vehicles at gross weight levels under 26,000 pounds.

Small household movers offer no more of a safety risk than other truck drivers, since they often have other driving experience before working for a company. They are probably less of a safety hazard than private citizens who rent a larger U-Haul or Ryder truck to make a one-time move, having had no experience at all with such vehicles. Current state and federal regulatory standards offer some protection on safety and driver qualification issues. Smaller moving companies make more in-city moves and shorter distance trips at lower speed than the long-haul carriers, and so pose less of a hazard to road safety.

Furthermore, smaller movers also respond to complaints more quickly than larger companies, often by paying the customer out of pocket and in full for their loss or damage, rather than by a standard formula for reimbursement, such as the \$0.60 per pound rate used by many of the major carriers.

This bill could allow the larger carriers to drive their smaller competitors out of business to the detriment of consumer prices. Overregulation could open the field to more fly-by-night operators who simply would not comply with any of the standards.

NOTES:

The committee substitute deleted a provision allowing the advisory committee to issue recommendations varying from current requirements for consumer protection.