

SENATE BILL REPORT

SB 6234

As Reported by Senate Committee On:
Energy, Environment & Technology, January 31, 2018

Title: An act relating to emerging internet technology applications and consumers utilizing the services of carrier network companies and carrier network company operators.

Brief Description: Concerning emerging internet technology applications and consumers utilizing the services of carrier network companies and carrier network company operators.

Sponsors: Senator Palumbo.

Brief History:

Committee Activity: Energy, Environment & Technology: 1/25/18, 1/31/18 [DPS].

Brief Summary of First Substitute Bill

- Authorizes the Utilities and Transportation Commission (Commission) to regulate carrier network companies and operators.
- Requires carrier network operators (operator) and carrier network companies (network company) to obtain a permit from the Commission prior to operating in the state and to meet certain requirements.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TECHNOLOGY

Majority Report: That Substitute Senate Bill No. 6234 be substituted therefor, and the substitute bill do pass.

Signed by Senators Carlyle, Chair; Palumbo, Vice Chair; Ericksen, Ranking Member; Brown, Hawkins, Hobbs, McCoy, Ranker, Sheldon and Wellman.

Staff: Jan Odano (786-7486)

Background: The Commission regulates privately owned companies that provide public transportation services for compensation, including general commodities carriers, household goods movers, and freight brokers. To operate within Washington State, these companies must obtain a permit from the Commission. The Commission must issue a permit to any qualified applicant that is found to be fit, willing and able to perform the service. The service must be a public convenience and necessity. The applicant must also have proof of minimum

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financial responsibility. A person may not advertise transportation of property for compensation without first obtaining a permit.

Household goods movers transport household goods between residences, or between a person's residence and a storage facility. A household goods mover is required to obtain a permit from the Commission.

Freight brokers arrange for intrastate transportation of general commodities or household goods by motor carriers. Brokers are required to file a surety bond or deposit with the Commission. Brokers collect a fee from the carrier or household goods mover. A broker is not allowed to collect the money charged for moving household goods.

Summary of Bill (First Substitute): A network company is defined as any corporation, partnership, sole proprietorship, or other entity, permitted by the Commission as a public service company that provides digital network or software application for brokering transportation of household goods for compensation between customers and carrier network operators.

An operator is defined as an operator who uses a network company's digital network or software application to transport household goods for customers brokered by a network company.

A network company and operator must obtain a permit from the Commission prior to operating in the state. The network company and operator are subject to the same fitness, ability to perform, and minimum financial responsibility requirements as household goods movers. An operator using a motor vehicle must display the name of the network company on the vehicle.

A network company and operator must file a statement with the Commission that includes:

- gross operating revenue from intrastate operations for the preceding year and pay the Commission two-fifths of 1 percent of the revenue; and
- vehicles uses the preceding year and pay a fee per-vehicle to the Commission, not to exceed \$100.

The Commission may adopt rules to:

- set minimum fees that do not exceed the costs to collect fees; and
- waive minimum fees.

The commission may decrease the percentage rate of gross operating revenue to be paid by general order that is entered before the fifteenth day of the month prior to the month the fee is due.

This act does not change the UTC's authority to regulate the collection of solid waste or residential recyclable materials.

EFFECT OF CHANGES MADE BY ENERGY, ENVIRONMENT & TECHNOLOGY COMMITTEE (First Substitute):

- Provides that the act has no effect on the UTC's authority over the collection of solid waste or recyclable materials.
- Corrects federal statutory reference.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This brings the law up to date with technological advancements in the moving industry. This will give people a new and convenient option.

CON: Classifying delivery brokers as common carriers opens them up to liability for the actions of their drivers even though they have no control over the actions of those drivers.

OTHER: The term personal property could incorporate other types of delivery service such as food and courier service. This bill will ensure consumer protection and fitness of the companies. Using personal trucks for commercial activities voids many auto insurance policies, which would leave drivers unknowingly without insurance coverage while providing moving services.

Persons Testifying: PRO: Senator Guy Palumbo, Prime Sponsor; Michael Howell, CEO, Dolly.

CON: David Hamilton, citizen.

OTHER: Jo Deutsch, TechNet; Rose Feliciano, Internet Association; Jason Lewis, Utilities Transportation Commission; Jean Leonard, Washington Insurers, State Farm, National Association of Mutual Insurance Companies.

Persons Signed In To Testify But Not Testifying: No one.