



Room 1194
10 Courthouse Street
Boston, Massachusetts 02227 1073
(617) 545 7240

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
BOSTON REGIONAL OFFICE

V880038

COMMISSION AUTHORIZED

April 26, 1988

The Honorable Joseph DeAngelis
Speaker of the House
Room 323, State House
Providence, Rhode Island 02903

Re: Trucking Regulation and House Bill 9069

Dear Mr. Speaker:

The staff of the Federal Trade Commission is pleased to respond to Mr. William J. Hawkins' request for comments on the issue of regulation in the trucking industry.¹ We are also pleased to provide, at Mr. Hawkins' request, our views on House Bill 9069, which, under certain circumstances, would exempt motor carriers providing services to cooperative groups from regulation by the Rhode Island Public Utilities Commission.

We believe that while House Bill 9069 is a step in the direction of deregulating motor carrier rates in Rhode Island, deregulation should be extended to all of the state's trucking industry. The issue of deregulation of intrastate trucking is of strong interest to the Commission because of the benefits deregulation brings to competition and thus to consumers. In response to Mr. Hawkins' request for our views on the broader issue of trucking regulation, this letter discusses the benefits that have been identified through empirical studies of trucking deregulation in several states and at the federal level. We also address the principal arguments that have been advanced in favor of trucking regulation. Finally, we comment on House Bill 9069, which we believe does not go far enough in extending to Rhode Island consumers the benefits of deregulation.

¹ These comments represent the views of the Boston Regional Office and the Bureaus of Competition, Consumer Protection, and Economics of the Federal Trade Commission, and do not necessarily represent the views of the Commission itself or any individual Commissioner. The Commission has, however, voted to authorize the staff to submit these comments to you.

INTEREST AND EXPERIENCE OF THE FEDERAL TRADE COMMISSION

The Federal Trade Commission's mandate is to preserve competition and protect consumers from deceptive and unfair business practices.² During recent years, the Commission's staff has studied the deregulation of motor carriers. Because deregulation has generated substantial consumer benefits, the staff has advocated increased reliance on market forces at both the federal³ and state levels.⁴ Our research activities in this area, and our general familiarity with competition policy issues, have provided us with substantial experience in analyzing the potential competitive consequences of trucking deregulation.

BENEFITS OF DEREGULATION

Trucking regulation was originally intended to help protect the regulated railroads from the then-unregulated and expanding trucking industry. It was also designed, in part, to support the trucking industry by restricting competition during the

² See 15 U.S.C. §§ 41, et seq.

³ See Comments of the Staff of the Federal Trade Commission on Pricing Practices of Motor Common Carriers of Property Since the Motor Carrier Act of 1980, Ex Parte No. MC-166, Before the Interstate Commerce Commission (January 19, 1983); Supplementary Comments of the Bureaus of Competition, Consumer Protection, and Economics, Federal Trade Commission on the Exemption of Motor Contract Carriers from Tariff Filing Requirements, Ex Parte No. MC-165, Before the Interstate Commerce Commission (1983); D. Breen, Bureau of Economics of the Federal Trade Commission, Regulatory Reform and the Trucking Industry: An Evaluation of the Motor Carrier Act of 1980, Submitted to Motor Carrier Ratemaking Study Commission (March 1982).

⁴ See Letters from Janet M. Grady to Hon. Rebecca A. Morgan (December 31, 1987) and from David T. Scheffman to the Public Utilities Commission of the State of California (February 16, 1988)(Federal Trade Commission staff comments on trucking deregulation in California); Comments of the Federal Trade Commission Staff to the Legislative Audit Council of the State of South Carolina on Possible Restrictive or Anticompetitive Practices in South Carolina's Public Service Commission Statutes (September 29, 1987); Statement of the Staff of the Federal Trade Commission on Economic Deregulation of Trucking to House and Senate Transportation Committees, Washington State Legislature (March 7, 1985).

depression of the 1930's.⁵ Whether or not either rationale ever justified regulation, neither has any validity in 1988. The actual results from the motor carrier deregulation that has occurred to date attest to the economic benefits of deregulation. Studies of deregulation in several states and of partial federal deregulation of interstate trucking show that shipping rates were reduced and that shippers were satisfied with post-deregulation service.

Florida's experience is particularly interesting because deregulation occurred so quickly that truckers and shippers had no opportunity to prepare for it. Nevertheless, according to one study, a year after deregulation 88 percent of shippers, as well as a surprisingly high 49 percent of truckers, supported deregulation. Most shippers thought that service levels had remained constant and that rate fluctuations had posed no difficulties. Only a few shippers converted to using their own trucks instead of common carriers; many more such conversions might have been expected if "destructive competition" had resulted in a large reduction in the number of truckers.⁶ Likewise, a subsequent Department of Transportation study⁷ found that 90 percent of Florida shippers believed that post-deregulation service was at least as good as service before deregulation, and 30 percent reported improvements. Finally, an economic study found that the deregulation of Florida trucking led to a 15 percent average reduction in motor carrier rates.⁸

⁵ Nelson, The Changing Economic Case for Surface Transport Regulation, in Perspectives on Federal Transportation Policy (James C. Miller III ed. 1975).

⁶ Freeman, A Survey of Motor Carrier Deregulation in Florida: One Year's Experience, ICC Practitioners Journal, 51 (Nov.-Dec., 1982). The term "destructive competition", which is discussed further below, refers to forms of competitive behavior that ultimately harm, rather than help, consumers.

⁷ Statement of Matthew V. Scocozza, Assistant Secretary for Policy and International Affairs, U.S. Department of Transportation, Before the Subcommittee on Surface Transportation, U.S. House of Representatives (June 20, 1984).

⁸ Blair, Kaserman & McClave, Motor Carrier Deregulation: The Florida Experiment, 68 Rev. Econ. & Stat. 159 (1986).

The experience of other states is consistent with that of Florida. For example, a study of trucking in New Jersey concluded that deregulation has worked well in that state.⁹ Shippers were satisfied with the available service, rates were about ten percent lower than they would have been under regulation, and intrastate carriers prospered.¹⁰ Similarly, in Wisconsin, 67 percent of shippers were satisfied with deregulation, and only six percent were dissatisfied. Seventy-three percent said that rate information was as readily available after deregulation as before. Carriers were evenly divided on the question of deregulation. Those with increased profits tended to favor deregulation, while some of those opposing deregulation were concerned about the loss of the asset value of their certificates of convenience and necessity.¹¹

In Maryland, intrastate household goods movers have never been regulated. A study conducted in that state in 1973-1974 revealed that the then-regulated interstate household goods carriers charged 27 percent to 67 percent more than unregulated intrastate carriers for comparable moves.¹²

Oregon deregulated the shipping of certain building materials in 1980. The results of this action were examined in two separate surveys by the Legislative Research Office of the Oregon Legislature.¹³ All parties surveyed agreed that deregulation increased the number of carriers in the market. According to one survey, almost all shippers and most of the truckers with prior authority to carry these products believed that trucking rates had decreased. None of the groups surveyed believed that general rate levels had increased as a result of deregulation.

⁹ W. Bruce Allen, S. Lonergon & D. Plane, Examination of the Unregulated Trucking Experience in New Jersey, U.S. Dept. of Transportation (July 1979).

¹⁰ W. Bruce Allen, Statement Before the National Commission for the Review of Anti-Trust Laws and Procedures (January 22, 1979).

¹¹ Wisconsin Office of the Commissioner of Transportation, Deregulation of Wisconsin Motor Carriers (July 1983).

¹² Breen, Regulation and Household Moving Costs, Regulation, 53 (Sept.-Oct., 1978).

¹³ Unpublished surveys conducted by the Oregon State Legislature's Legislative Research Office (1984).

California experimented with partial economic deregulation of trucking from 1980 to 1986. During this time, entry was unrestricted, and rates, though regulated, were relatively flexible.¹⁴ The result was lower rates with no loss in service.¹⁵ In 1986, the California Public Utilities Commission returned to full economic regulation and ordered all carriers to boost their rates by 10 percent and each carrier to establish its own tariffs based on cost justifications. Legislation has since been introduced to permanently deregulate a major portion of California's motor carrier industry.

The experience of California's fresh fruit and vegetable (FF&V) shippers and carriers illustrates the benefits enjoyed by California consumers and competitors under the experimental deregulation. FF&V shipments were essentially deregulated after July, 1983, when minimum rate tariffs were cancelled and not replaced with transition tariffs. A 1986 survey of FF&V shippers and carriers found that 70 percent of truckload shippers reported decreased real rates after deregulation.¹⁶ Likewise, 93 percent of truckload carriers reported decreased real rates. Moreover, 21 percent of the FF&V shippers reported that overall service had improved, while less than half of that percentage reported that service had declined.¹⁷

14 Carriers were permitted to change rates, after a short waiting period, without having to show the change was cost-justified. There was no waiting period to match a competitor's rate. In addition, the requirement for certificates of convenience and necessity was dropped. Motor freight carriers wishing to offer their services were required only to show "fitness": proof of financial responsibility, insurance, and residency in California.

15 M. Simmerson, Analysis of The Impact of Reregulation of the General Freight Trucking Industry, Investigation No. 84-05-048, California Public Utilities Commission, 20-21 (August 10, 1984) (based upon survey by CPUC of 239 general freight carriers and survey by California State University, Hayward, Institute of Research & Business Development of 569 shippers).

16 Frey, Krolick & Tontz, The Impact of Motor Carrier Deregulation: California Intrastate Agricultural Products, 22 Logistics & Transp. Rev. 259, 266 (1986). "Real rates" are those that have been adjusted for inflation to allow for accurate comparison of rates over time.

17 Frey, Krolick & Tontz, supra note 16, at 268.

California's deregulation experiment also resulted in lower rates for general freight shippers and petroleum tank-truck shipments. General freight rates fell by about 16 percent during deregulation, while service quality increased.¹⁸ Cost savings in general freight shipping were about \$953 million over a four-year period during deregulation. When the California Public Utilities Commission ordered a return to regulation in 1986, the 10 percent rate increase ordered by the Commission added about \$180 million to annual freight shipment costs. Petroleum tank-truck rates fell by as much as 33 percent during deregulation, saving shippers about \$387 million between 1981 and 1986.¹⁹

Trucking firms in California also presumably benefited from deregulation through savings in fees they did not have to pay to regulatory agencies.²⁰ These savings would be in addition to those arising from reduced regulatory-related administrative costs incurred by motor carriers. Also, to the extent regulatory fees collected from carriers did not cover all the state's costs for administering regulation, deregulation also would result in cost savings to the state.

¹⁸ Frey, Krolick, Nidiffer & Tontz, Effects of Reregulation of the California Intrastate Trucking Industry, Transportation Journal (Spring 1985).

¹⁹ Strategic Planning Division, California Public Utilities Commission, California Trucking Industry: A Review of Regulatory Policies and Objectives (February 1988).

²⁰ The California Legislative Analyst estimated that complete deregulation of the state's trucking industry would save motor carriers approximately \$17.5 million annually in regulatory fees. Report of the Legislative Analyst to the Joint Legislative Budget Committee, State Regulation of the Trucking Industry, The 1987-88 Budget: Perspectives and Issues, 229.

The State of Kansas estimated that deregulation would save \$19 million per year in direct costs alone (*i.e.*, those associated with compliance, program administration, and operating inefficiencies). State of Kansas, Legislative Division of Post Audit, Sunset Audit Report-Kansas Corporation Commission Motor Carrier Regulatory Program (September 25, 1981), cited in Gardner, Entry and Rate Regulation of Intrastate Motor Carriers in Missouri: A Strategy for Reform, 47 Missouri Law Review 693-743 (1982).

A recent study shows that consumers would save over \$300 million per year were trucking to be deregulated in Indiana. Indiana Legislative Services Agency, Office of Fiscal Review, Motor Carrier Regulation in Indiana, Sunset Audit, Motor Carrier Division of the Indiana Utility Regulatory Commission, July 1987.

Consumer benefits of the type associated with deregulation at the state level have also been realized at the national level. Under partial federal deregulation, the number of grants of operating authority to carriers increased substantially, implying that entry into the trucking business has been greatly eased.²¹ There also has been an increase at the national level in the number of independent rate changes, with the vast number of observed changes being rate decreases.²² Between 1977 and 1982, during which time partial federal deregulation was implemented, interstate truckload rates fell about 25 percent and less-than-truckload rates fell about 12 percent. These declines occurred during a period of rising fuel costs.²³ A recent federal study likewise found that regulated rates are higher than competitive rates for general freight trucking.²⁴

The evidence is clear and convincing: deregulation lowers trucking rates without impairing desired service. Significant consumer benefits, in the form of lower shipping prices, can be expected from the deregulation of motor carrier rates.

ARGUMENTS ADVANCED IN SUPPORT OF CONTINUED REGULATION

Four principal arguments are usually advanced in favor of trucking regulation: preventing predatory pricing, forestalling destructive competition, maintaining safety, and assuring adequate service to small communities. As discussed below, empirical studies demonstrate that none of these rationales

21 Office of Policy and Analysis, Interstate Commerce Commission, The Effect of Regulatory Reform on the Trucking Industry: Structure, Conduct, and Performance (June 1981). See also Statement of Reese H. Taylor, Jr., Chairman of Interstate Commerce Commission, Before the Surface Transportation Subcommittee of the House Committee on Public Works and Transportation on Implementation of the Motor Carrier Act of 1980 (Nov. 7, 1985).

22 Statement of Reese H. Taylor, Jr. Chairman of Interstate Commerce Commission, Before the Senate Committee on Commerce, Science, and Transportation (Sept. 21, 1983). See also Staff Report, Interstate Commerce Commission, Highlights of Activity in the Property Motor Carrier Industry (March 1986).

23 Moore, Rail and Truck Reform -- The Record So Far, Regulation, 39 (Nov./Dec., 1983).

24 Motor Carrier Ratemaking Study Commission, Collective Ratemaking in the Trucking Industry (June 1, 1983).

supports the contention that economic regulation of motor carriers is either necessary or desirable.²⁵

Predatory Pricing

The first argument advanced in support of regulation is the prevention of predatory pricing. The principal thrust of this argument is that larger, better financed companies will succeed in driving out competitors by selling trucking services below cost. The surviving firms will then raise their prices to supracompetitive levels, eventually recouping their losses and increasing their profits.

One condition necessary for successful predatory pricing is high entry barriers. High entry barriers prevent a return of former competitors, or the entry of new competitors, when the predatory firm raises prices above the competitive level to recoup its losses. This condition apparently does not exist in the trucking industry today.²⁶ Trucks are highly mobile and are quickly transferred to new markets. Thus, when the predator tried to raise its prices to supracompetitive levels, other firms would enter or re-enter the market, taking business away from the predator and forcing prices back to competitive levels. Because predation is unlikely to be profitable, carriers are not likely to attempt it.

Recently, the General Accounting Office joined the Interstate Commerce Commission, the Motor Carrier Ratemaking Study Commission, and the Department of Justice in concluding that predation is unlikely to occur as a consequence of trucking deregulation.²⁷ Indeed, predatory pricing is highly unusual in any sector of the economy. The Supreme Court recognized this

²⁵ The arguments in favor of trucking regulation have been discussed and dismissed in a number of studies. See generally Weinstein & Gross, Transportation and Economic Development: The Case for Reform of Trucking Regulation in Texas, Center for Enterprising, Southern Methodist University (February 1987); Breen, supra note 3.

²⁶ J. C. Miller III, Economic Regulation of Trucking, in Report of the Economic Advisory Panel to the National Commission for the Review of Anti-Trust Laws and Procedures (Nov. 9, 1978).

²⁷ United States General Accounting Office, Trucking Regulation: Price Competition and Market Structure in the Trucking Industry, 8-10 (February 1987). The positions of the ICC, MCRSC, and DOJ are discussed in the GAO report.

principle in Matsushita v. Zenith,²⁸ stating that "predatory pricing schemes are rarely tried, and even more rarely successful."²⁹ In any event, firms that attempt to engage in predatory pricing also would be subject to law enforcement actions brought under state and federal antitrust statutes.

Destructive Competition

Proponents of trucking regulation also argue that deregulation will lead to "destructive competition." Destructive competition may occur in industries characterized by declining demand, sunk costs,³⁰ and a high ratio of fixed to total costs. These conditions are likely to create excess capacity and create considerable pressure to cut prices. If price competition breaks out, however, prices may persist below the total cost of providing services because the sunk nature of the costs makes exit difficult. Firms facing chronic losses may, as a result, try to reduce costs by skimping on service, to the detriment of customers.

The conditions conducive to destructive competition do not exist in the trucking industry. Fixed costs comprise only a small percentage of total costs, which include such variable costs as labor and fuel expenses. Trucks also are highly mobile assets that may readily and easily be transferred from less profitable to more profitable markets in response to fluctuations in demand, or sold or leased to other operators. It is unlikely, therefore, that destructive competition of this sort will occur.³¹

²⁸ Matsushita Electric Industrial Co. v. Zenith Radio Corp., 475 U.S. 574 (1986).

²⁹ Id. at 1357-58, citing R. Bork, The Antitrust Paradox, 149-156 (1978); Areeda & Turner, Predatory Pricing and Related Practices Under Section 2 of the Sherman Act, 88 Harv. L. Rev. 697, 699 (1975); Easterbrook, Predatory Strategies and Counterstrategies, 48 U. Chi. L. Rev. 263, 268 (1981); Koller, The Myth of Predatory Pricing--An Empirical Study, 4 Antitrust L. & Econ. Rev. 105 (1971); McGee, Predatory Price Cutting: The Standard Oil (N.J.) Case, 1 J. L. & Econ. 137 (1958); McGee, Predatory Pricing Revisited, 23 J. L. & Econ. 289, 292-294 (1980).

³⁰ A "sunk cost" is a cost that has already been incurred and cannot be avoided by taking any further action.

³¹ See A. Kahn III, 2 Economics of Regulation 178 (1971) in which the author states, "[D]oes trucking have the economic attributes of an industry subject to destructive competition? It would be difficult to find one less qualified."

Safety

Another argument advanced against deregulation is that it will have an adverse effect on safety in the trucking industry, because carriers facing stiff competition will neglect maintenance, delay replacement of vehicles, and overwork drivers. There is no necessary link between economic deregulation and reduced safety. In fact, a recent study of truck safety in California, conducted jointly by the California Public Utilities Commission and the California Highway Patrol, was "unable to prove the hypothesis that CPUC economic regulation of trucking is significantly and positively linked to improved highway safety."³² The first phase of that study, published last year, found that the number of California's annual truck-at-fault accidents per 100 million miles traveled actually decreased nearly 30 percent between 1976 and 1986,³³ a period during which California experimented with deregulation.

State legislatures have a legitimate interest in promoting safety on their highways. However, rather than attempting to affect safety indirectly through economic regulation, it seems preferable to address safety issues directly by, for example, requiring safety inspections at fixed intervals.

Service to Small Communities

A final argument made by opponents of deregulation is that it will result in a reduction of service to small communities. Studies of the effect of deregulation, however, do not find a systematic deterioration in service to small communities. A series of surveys carried out by the U.S. Department of Transportation from 1980 to 1985 consistently found that the vast majority of shippers in rural areas reported either no change or an improvement in the quality of their service since the Motor

³² California Public Utilities Commission & California Highway Patrol, AB 2678 Final Report on Truck Safety, Joint Legislative Report, 3 (November 1987).

³³ California Public Utilities Commission & California Highway Patrol, AB 2678 Report on Truck Safety, Joint Legislative Report (June 1987). Similarly, injuries and fatalities from heavy truck accidents decreased nationwide following the passage of the Motor Carrier Act in 1980. Weinstein & Gross, supra note 24, at 50. See also Corsi, Fanara & Roberts, Linkages Between Motor Carrier Accidents and Safety Regulation, 20 Logistics & Transp. Rev. 149, 156-157 (1984); Beilock, Are Truckers Forced to Speed?, 21 Logistics & Transp. Rev. 277 (1983).

Carrier Act of 1980 partially deregulated interstate trucking.³⁴ These findings are consistent with those of a 1982 Interstate Commerce Commission study, which found that shippers in small communities now enjoy lower prices, less damage to shipments, and often more service options than before deregulation. The study concluded:

These results can lead to only one conclusion. The Motor Carrier Act of 1980 has not harmed shippers in small and isolated communities. In fact, evidence suggests that small communities have actually benefited from this legislation.³⁵

This conclusion is confirmed by studies of deregulation at the state level. Economists Beilock and Freeman performed a number of surveys of shippers in Florida, which deregulated intrastate trucking in 1980, and Arizona, which deregulated it in 1982. They found that abandonments of service were rare while offers of new service were common. One year after deregulation in Florida, 59 percent of small shippers preferred deregulation to regulation, while 29 percent had no preference.³⁶ Of shippers in small communities, 65 percent preferred deregulation with 30 percent expressing no preference.³⁷ These findings were confirmed in other surveys. Beilock and Freeman conclude, "If anything, small rural shippers appear to be more bullish about deregulation than their larger, urban counterparts."³⁸

34 U.S. Department of Transportation, Third Follow-Up Study of Shipper-Receiver Mode Choice in Selected Rural Communities. 1982-3. 1986; U.S. Department of Transportation, Fourth Follow-Up of Shipper-Receiver Mode Choice in Selected Rural Communities. 1984-5. 1986.

35 Interstate Commerce Commission, Small Community Service Study (1982).

36 Beilock & Freeman, Motor Carrier Deregulation in Florida, 14 Growth and Change 31-41 (1983).

37 Id.

38 Beilock & Freeman, Deregulated Motor Carrier Service to Small Communities, Transportation Journal, Summer, 1984. See also, Beilock & Freeman, The Impact of Motor Carrier Deregulation on Freight Rates in Arizona and Florida, Final Report, U.S. Department of Transportation, April 30, 1985; Bolton, Conn & Smith, "Florida Motor Carrier Deregulation: The Immediate Effect of Sudden Deregulation from the Perspective of
(continued...)

In summary, there is no reason to believe that deregulation of trucking leads to any general deterioration of service to small communities. To the contrary, evidence indicates that deregulation would bring shippers in small communities lower prices, better service and a wider choice of options.

HOUSE BILL 9069

Title 39, Chapter 12, Section 12 of the Rhode Island General Laws, as amended, states in part:

No common carrier of property by motor vehicle shall charge or demand or collect or receive a greater or less compensation for transportation or any service in connection therewith between points enumerated in such tariff than the rates and charges specified in the filed tariffs in effect at the time.

On January 29, 1988, the Rhode Island Division of Public Utilities and Carriers (PUC) ruled that Section 12 prohibits common carriers from contracting with the American Automobile Association (AAA) to tow AAA members at rates less than those filed in the carriers' tariffs.³⁹ Apparently, AAA traditionally had contracted with about 100 towers, at rates significantly lower than the towers' tariff rates, to provide towing for AAA members. Our understanding of the PUC ruling is that it would require towers to charge their tariff rate each time an AAA member is towed, except when a vehicle is towed back to the tower's garage with the intent of making repairs there. Presumably, this ruling may also affect the ability of towers to contract at less than tariff rates with other large users of towing services, such as other automobile clubs and businesses with large fleets of automobiles or trucks.

38(...continued)

Shippers/Receivers in Small Communities," in Conference on Regulatory Reform in Surface Transportation, Preprint Papers, U.S. Department of Transportation, March 1983.

39 Inquiry into the Relationship Between AAA Tows and Common Carrier Tows for the General Public (Order No. 12522, January 29, 1988).

House Bill 9069 would amend Section 39-12-13 of the General Laws to exempt from PUC regulation motor vehicles leased to or contracted to a cooperative group and used exclusively for the transportation of the property of the cooperative group or its members. Section 39-12-13 currently exempts only motor vehicles owned and operated by a cooperative group and used exclusively to transport property of the group or its members. The intent of the bill, as we understand it, is to allow cooperative groups, such as AAA, and carriers, such as tow truck operators, to negotiate contracts containing fees different from those that are in the tariffs the carriers file with the PUC.⁴⁰ Thus, under House Bill 9069, AAA would be allowed to negotiate rates with its contract towers in the same manner as it did prior to the January 29, 1988, PUC ruling.

The bill, which in effect deregulates the rates carriers charge cooperative groups, will allow market forces to determine those rates. Based on past experience, we expect that members of cooperative groups, such as the 285,000 Rhode Island members of AAA, should benefit from the bill by being able to negotiate rates that are less than the carriers' tariff rates. We believe, however, that the benefits of deregulation should be extended beyond cooperative groups to all Rhode Island consumers. General trucking deregulation would result in more competitive market conditions that would reward those carriers who operated most efficiently, thus leading to lower rates for users of their services. The only persons who would be adversely affected by complete deregulation would be less efficient carriers who could not compete effectively on the basis of rates. To shield such competitors from competition by requiring carriers to offer higher than competitive rates, however, would cause substantial consumer harm.

⁴⁰ The language of the bill appears to be subject to an interpretation that is narrower than what we understand to be its intent. If the bill is enacted as written, only vehicles, contracted to and leased to cooperative groups and used exclusively for the transportation of the property of the group or its members would be exempt from regulation. Thus, for example, under a literal reading of the bill, towers who use their trucks for any purposes other than towing AAA members (i.e. towing other vehicles) could not contract with AAA at rates other than those contained in their tariffs.

CONCLUSION

The benefits of trucking deregulation are well documented, while arguments against it lack substantiation. House Bill 9069 is a first step toward deregulation of the motor carrier industry in Rhode Island, however, we believe that the legislature should consider extending the benefits of deregulation to all consumers in the state.

Very truly yours,

Phoebe D. Morse

Phoebe D. Morse
Regional Director