

Date of Hearing: April 21, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 224 (Daly) – As Amended April 8, 2021

Policy Committee: Business and Professions

Vote: 18 - 0

Urgency: Yes

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill, an urgency measure, excludes storage container delivery companies from the Household Movers Act. Specifically, this bill:

- 1) Exempts specified motor carriers and brokers from the Household Movers Act by excluding from the definition of a “household mover”:
 - a) A motor carrier that only provides transportation of household goods in containers or trailers when the household goods are entirely loaded and unloaded by an individual other than an employee or agent of the motor carrier.
 - b) A broker that only utilizes the services of a motor carrier described in (a) above and does not otherwise advertise as a permitted household mover.

FISCAL EFFECT:

- 1) Estimated ongoing annual costs of \$583,000 (special funds) to the Bureau of Household Goods and Services (Bureau) for additional staff to investigate consumer complaints regarding unlicensed activity.

The Bureau believes this exemption will encourage other noncompliant entities, such as interstate moving companies, to contract with storage container delivery companies so the noncompliant entities are not required to become licensed themselves. This would result in an increase of unlicensed household mover activity in the state, and therefore an increase in enforcement actions needed to be taken by the Bureau by an estimated 33%.

- 2) Anticipated revenue loss of \$286,000 to \$541,000 (special fund) annually to the Bureau due to storage delivery companies no longer needing to be permitted as well as a decrease in citations issued to unlicensed movers.

COMMENTS:

- 1) **Purpose.** This bill seeks to create an exemption for licensure for storage container delivery companies by aligning the California definition of household goods motor carriers with that of federal law. Doing so exempts those companies from state regulations and allows the “self-moving service industry” to continue operating under the federal limited service exclusion. According to the Teamsters (co-sponsor):

[This bill] would align California and federal law by ensuring that the limited service exclusion for motor carriers applies here to trucking companies that move household goods for self-movers. This clarification is necessary to prevent California's extensive regulatory scheme for moving companies from being applied unnecessarily to motor carriers who are simply moving a load of goods from point A to point B.

- 2) **Background.** The federal definition of a “household goods motor carrier” contains a carve-out for limited service exclusion (LSE) operations, exempting this segment of the industry from certain regulatory requirements, such as motor carrier registration requirements and cargo insurance.

California’s definition of a “household goods motor carrier” does not include the carve-out for LSE operations; however, until recently, California has not required motor carriers that fall under this exclusion to obtain household goods permits and operate as household goods movers.

According to the Federal Motor Carrier Safety Administration (FMCSA), Congress intended the LSE to distinguish traditional, full-service moving companies from a motor carrier solely providing transportation of household goods pre-packed in a moving container.

Self-moving services have grown over the decades to differ significantly from traditional full-service movers and target a different segment of the consumer market.

Without a resolution to the conflict between state and federal statute, self-moving services in California will be required to comply with regulatory requirements imposed on traditional full-service movers. This bill removes that conflict.

- 3) **Household Movers Act (Act).** The Act regulates businesses that transport used household goods and personal effects using motor vehicles. The Act is administered and enforced by the Bureau within the Department of Consumer Affairs (DCA). Prior to July 1, 2018, the Act was administered by the California Public Utilities Commission (CPUC).

- 4) **Arguments in Support.** The California Trucking Association (co-sponsor) writes in support:

This measure will harmonize the state and federal definitions of “household goods mover” to recognize the intent of Congress to exclude motor carriers operating under a ‘limited services exclusion’ (LSE) from that definition. California has never required motor carriers who fall under this exclusion to obtain household goods permits and operate as household goods movers; however, recently, the Bureau has notified our members that they must obtain these permits. In doing so, the clear conflict between State and Federal statute has come to light.

- 5) **Arguments in Opposition.** The California Moving and Storage Association (CMSA) writes in opposition:

We fear that removing motor carriers involved in transporting household goods, or brokers arranging for these services from [Bureau] permitting will adversely

impact consumers and the regulated moving industry. For example, a company, like PODS (which advertises itself as a moving company, employing its own drivers in PODS-branded trucks and uniforms) delivers a large box (essentially a small shipping container) to a customer, the customer loads it (or hires a third party), and then PODS picks it up and moves it to the customer's desired location. Moreover, PODS can also act as a broker, arranging for "packers and loaders" to assist customers with their move. For all intents and purposes, this is a moving company. However, this bill would exempt companies like PODS from [Bureau] permitting and oversight and would create a significant marketplace for unregulated, unlicensed movers.

Prior Legislation. AB 2460 (Daly), of the 2019-20 Legislative Session, was substantially similar to this bill. The bill was referred to the Senate Committee on Business, Professions, and Economic Development, but was never heard.

Analysis Prepared by: Jennifer Swenson / APPR. / (916) 319-2081