

REPORT OF INTERIM COMMITTEE ON
TRUCK TRANSPORTATION

In the 1945 Session of the Legislature the Minnesota House of Representatives created an Interim Committee on Truck Transportation through a resolution, a copy of which resolution is attached to the back hereof. This Interim Committee was necessitated by the wide divergence of views and need for a deliberate investigation impossible in the closing days of that session.

The Interim Committee on Truck Transportation has held numerous meetings, and has had public hearings together with the Railroad and Warehouse Commissioner at St. Paul, Crookston, Detroit Lakes, Owatonna, Fairmont, and Slayton. In addition, the Committee made a trip to the Iowa State Commerce Commission and sent one of its members to the Public Service Commission at Madison, Wisconsin, besides considering the set-up of numerous other states as shown by their statutes and regulations.

Our report is based on the information thus obtained and is limited to the scope of investigation we felt the Legislature had in mind at the last Session when it passed the resolution setting up this Interim Committee. We found, after the Committee had sufficiently investigated to get the true picture of the trucking set-up, two primary problems:

1. The 35-Mile zone, or similar area exemptions,
2. The method of establishing the rates.

In addition, the resolution setting up this Committee asked that the long and short haul rates be considered to determine whether they were out-of-line.

At the outset, we wish to make it clear that we did not feel that we were authorized to consider recommending any proposal whereby a certificate of convenience and necessity would be provided for irregular route carriers (which means most of the small truckers and livestock haulers). This proposal was not before the last Session and we don't believe the Legislature had it in mind for investigation by us.

10147

In addition, it represents a substantially new method of regulating irregular route carriers for Minnesota, all of which resulted in our ruling out that proposal from our consideration. We therefore make no recommendation as to a certificate of public convenience and necessity for irregular route haulers.

As for the trucking rates in Minnesota, it is necessary to consider them in two groups. First, as to short haul rates. The Minnesota trucking law had exempted a 35-mile zone of operation and therefore originally no rates were set for 1 to 35 mile hauls. When the zone was declared unconstitutional the Railroad and Warehouse Commission, to fill in the gap quickly, merely scaled the rate for 36 miles back down to 1 mile. This proved to be very inaccurate as far as different cost problems for short haul operations were concerned and after investigation by this committee with the Railroad and Warehouse Commission, it was felt that these rates were not equitable and hearings were held and these rates were substantially reduced. It should be noted that the rates referred to are the irregular route carriers' rates and are a minimum rate only.

In checking the long haul rates, usually considered as a distance over 70 miles, it was found by testimony of operators and their customers, and by checking of other states rates that Minnesota's long haul minimum rates for irregular route operators were not out of line generally and in many cases were lower than other states. In fact, the complaint of the truckers was that the long haul rates should be raised.

As was stated above, our investigation developed two primary issues, the 35-mile or similar zone, and the setting of rates. Briefly stated, we found that the 35-mile zone or any zone was highly undesirable and unjust, and that the fair setting of rates could not be done by a commission on statewide basis and could only be justly accomplished by a large additional staff and complex regulations.

In our investigations we found that there were all kinds of ideas about a zone as to its limits and as to the amount of regulation which should be attempted. We also found that any zone would be

difficult to police and would always work an injustice on someone. Other states that have tried some sort of zoning system discarded it or had the law declared unconstitutional. From all of the evidence we came to the conclusion that a zone for establishing rates or for exemptions from regulations was impractical.

In this matter of fixing rates, we found the states bordering on Minnesota had laws varying from complete control in South Dakota, a long list of exemptions in Wisconsin, to a supervisory control in Iowa. Due to the simplicity of the Iowa law, we are recommending a law for Minnesota following the Iowa principle. The objections to complete control for Minnesota are first; the geographic and economic conditions in Minnesota in the cut-over lands, the Red River Valley, and the highly developed stock farming of central and Southern Minnesota which are so different that no rate could be set for the entire state that would be fair to all sections. Second: if rates were to be set by the Railroad and Warehouse Commission the state would have to be divided into sections with separate rate schedules for each and an expensive large staff or additional bureau with numerous lengthy hearings at continuous intervals.

As for common carriers (the trucking organizations operating over a fixed or regular route) the committee feels that the present laws and regulations are satisfactory. The difference is simple and important - these truckers have a more static situation and the loads and routes are substantially similar. Contract carriers (those who haul under private contract only) do not present a problem to the general public insofar as rates or regulations are concerned.

Again stating the matter briefly, the interim committee's recommendation is as follows:

1. Common carrier and contract carrier set-up be left as is.

2. Irregular route operators, whether they haul 1 mile, 35 miles or 100 miles or more, all be required to file for a permit from the Railroad and Warehouse Commission with no exemptions or exceptions, and:

(A). Requirements be met as to liability and property damage insurance and safety equipment.

(B) Information such as needed by the State Departments be filed.


3. All irregular route operators be required to file their own scale of rates (exact and not minimum rates) and to designate the general territory in which they will operate.

4. That if an "occasional haul for hire" is to be allowed without subjecting the trucker to regulations, that an "occasional haul" should be defined exactly in the law. The committee recommends that such a provision be defined and enacted.

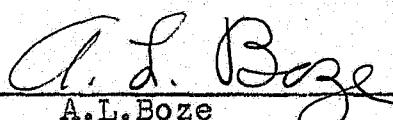
It is the feeling of the committee that if any trucker for hire is to be regulated, that all truckers for hire should be equally regulated. Any exceptions are injustices to those regulated. The usual reason for an exception was that the particular group excepted could not be regulated fairly or effectively as to rates. The above proposal eliminates the rate problem and allows the same regulations as to all truckers for hire. The truckers are put on a competitive basis as to their prices. The filing of their own rates is not a handicap, on the truckers, as the experience in Iowa has shown that the truckers get together and file rates as a group for convenience. If a group tried to maintain an artificial price new truckers would start up and bring the rates back to a normal and fair charge.

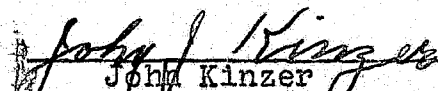
The above recommendations, though briefly stated, are the result of extensive hearings, meetings, and investigations. However, we wanted to present our recommendation briefly so that all would have time to read that part of our report. The members of the Interim Committee will introduce in the 1947 Session a bill embodying the above recommendations for the consideration of the Legislature.

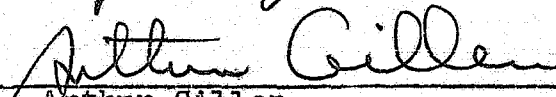
In closing we wish to make one point: the committee found throughout its hearings that almost all of the persons who testified for or against the laws or regulations in existence and the 35-mile zone, were badly misinformed or uninformed as to the correct facts, and this misinformation included several of the Legislators who appeared at the hearings. The proposal of the committee is the simplest and fairest the committee could devise after extensive investigation of the actual facts by five Representatives who at the start held widely opposite or different views.


Howard Ottinger, Chairman


P.J.E. Peterson


A.L. Boze


John Kinzer


Arthur Gillen

HOUSE RESOLUTION NO. 12

WHEREAS, there exists a great difference of opinion as to the effect of the establishment of rates and regulations by the Railroad and Warehouse Commission for trucks doing occasional and short hauling for hire, and

WHEREAS, there is prevalent a feeling that long haul rates are unreasonable with respect to transportation of farm products, and

WHEREAS, there is no clear cut policy established by the Railroad and Warehouse Commission of how truck transportation rates should be set and what effect such state regulations and rates would have upon farmers and small truckers, and

WHEREAS, there is substantial controversy as to which types of truck transportation and hauling should be regulated and which should not,

NOW, THEREFORE, BE IT RESOLVED by the House of Representatives that the application of state Railroad and Warehouse Commission rates and regulations for occasional and short haulers be suspended for two years, and

BE IT FURTHER RESOLVED, that an interim committee of five members be appointed by the Speaker of the House to study such rates and regulations as they affect moving of commodities in interstate and intrastate commerce; the effects of state regulation upon the economic affairs of the people of the state, the desirability and need for regulation and rate fixing for short hauls, and all other matters and questions pertaining to the subject of regulating truck transportation and the fixing of freight rates therefor as the committee may elect to study and investigate; and that the Railroad and Warehouse Commission is hereby instructed to cooperate with the committee; and

BE IT FURTHER RESOLVED, that there is hereby appropriated out of the moneys appropriated for legislative expenses the sum of \$5,000 to carry on the work contemplated by this resolution.

10147