

HOUSE BILL REPORT

HB 2005

*As Reported By House Committee on:
Transportation*

Title: An act relating to freight brokers and forwarders.

Brief Description: Regulating freight brokers and forwarders.

Sponsor(s): Representatives Jones, Wilson, R. Fisher and Schmidt.

Brief History:

Reported by House Committee on:
Transportation, March 7, 1991, DPS.

**HOUSE COMMITTEE ON
TRANSPORTATION**

Majority Report: *That Substitute House Bill No. 2005 be substituted therefor, and the substitute bill do pass.*
Signed by 27 members: Representatives R. Fisher, Chair; R. Meyers, Vice Chair; Betrozoff, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Basich; Brough; Cantwell; Cooper; Day; G. Fisher; Forner; Haugen; Heavey; Horn; P. Johnson; R. Johnson; Jones; Kremen; Mitchell; Nelson; Orr; Prentice; Prince; Schmidt; Wilson; Wood; and Zellinsky.

Staff: Mary McLaughlin (786-7309).

Background: A broker arranges transportation for compensation and a forwarder consolidates freight for a fee. Currently brokers and forwarders who perform intrastate services are required to obtain operating authority from the Utilities & Transportation Commission (UTC) and post a bond or other security. However, the amount of financial security required varies as it is established at the time authority is granted.

In 1989 legislation was enacted which required all interstate brokers conducting business in this state to register with the UTC and post a bond. In 1990 implementation of the bonding and registration requirements were delayed until June 30, 1991. The delay is intended to give the brokers and trucking industry time to reach a compromise on the type of broker that would be affected by the bonding and registration requirements.

Summary of Substitute Bill: A bond or deposit of security in a minimum amount of \$5,000, as determined by the Utilities & Transportation Commission (UTC), is established for brokers or forwarders engaged in intrastate commerce.

An interstate broker or forwarder who conducts business in this state is required to register a one-time \$25 fee and provide satisfactory proof of financial responsibility with the UTC. Brokers and forwarders registered with the Interstate Commerce Commission (ICC) may file a copy of their ICC-approved surety bond or trust fund as proof of financial responsibility. "Conducting business in this state" means a broker or forwarder who is physically present in the state when acting as a broker or forwarder.

Substitute Bill Compared to Original Bill: Technical changes are made to clarify the original intent. An ICC bond or trust may serve as proof of financial responsibility.

Fiscal Note: Not requested.

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

Testimony For: The bonding and registration requirements for interstate brokers are a compromise resulting from the interested parties.

Testimony Against: None.

Witnesses: Marty Sangster, Washington Trucking Association; Spencer Ryals, Transportation Brokers Conference of America; and Wally Farbo, Consolidated Shippers Incorporated.