



Congress to Scrutinize Harbor Truck Leasing

DeFazio calls for investigation of alleged owner-operator scams by motor carriers

By William B. Cassidy | May 6, 2010

A key House Democrat called for an investigation into motor carrier leasing practices in the harbor trucking industry to root out alleged abuses of drayage owner-operators.

Rep. Peter DeFazio, D-Ore., called for an investigation after allegations that some drayage motor carriers were imposing leases on owner-operators that in effect rendered them employees or failing to pass on equipment subsidies to owner-operators.

"We've seen an explosion in scam lease purchase agreements," Joe Rajkovicz, director of regulatory affairs for the Owner-Operator Independent Drivers Association, said at a hearing on the clean truck programs at the ports of Los Angeles and Long Beach.

Many drayage carriers "give lip service" to federal regulations requiring written contracts with owner-operators specifying compensation, insurance requirements and any charges the company may assess, he said. "It is sharecropping or involuntary servitude."

"We need to look further into this, to look at whether these leases are sham leases or not," said DeFazio, chairman of the House Subcommittee on Highways and Transit, which held the May 5 hearing into the impact of the Los Angeles and Long Beach plans.

DeFazio questioned whether carriers that received subsidies from the Port of Los Angeles to buy clean trucks passed those subsidies on to owner-operators leasing the equipment.

"Is the owner-operator getting a discounted price for the clean truck?" he asked John Holmes, deputy executive director of the Port of Los Angeles. "Have you required they discount the price if they are using owner-operators?"

"The short answer is no, sir," Holmes said, explaining that the port provides truck subsidies only to carrier and "we would like to think" they pass it through to drivers.

"Like to think?" said DeFazio. "I hope you're going to hang around for subsequent testimony because I think that's a kind of Pollyannish view of the world here."

He called for a joint investigation into truck leasing by the House Transportation and Infrastructure Committee and the House Committee on Education and Labor.

Complaining of "disturbing and contradictory testimony," DeFazio said, "We may be using our subpoena power to better understand these leases if we can't get cooperation."

OOIDA's Rajkovicz said what owner-operators need is better enforcement of existing federal regulations. "For them to be a vibrant part of the marketplace, federal regulations to protect them from unscrupulous practices by motor carriers need to be enforced."

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