



TO: Jeffrey Goltz, Chairman
Patrick J. Oshie, Commissioner
Philip B. Jones, Commissioner

FROM: Sharon Wallace, Assistant Director, Consumer Protection and Communications
Rulemaking Team Members Rayne Pearson, Charity Thompson, Patricia Clark,
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DATE: April 23, 2012

SUBJECT: Household Goods Rulemaking, TV-111493

RECOMMENDATION

The rulemaking team recommends the commission approve revised rules for household goods entry standards as shown in Attachment 1.

BACKGROUND

The commission began this rulemaking at the request of the Washington Movers Conference (WMC), the leading industry organization in Washington. Current household goods entry standards, as set in rule, do not adequately protect consumers from owners or employees of household goods moving companies that may not be fit to interact with customers and, particularly, have access to customers' personal possessions.

For example, under current rules, the commission can grant a permit to an applicant who has a criminal history of theft, burglary, sexual misconduct, identity theft, fraud, false statements or the manufacture, sale or distribution of a controlled substance. Granting permits to these applicants could bring potentially dangerous individuals into customers' homes and give them access to and control over personal belongings. However, the current rules do not allow us to screen for, or deny an application to, someone with this kind of criminal history.

The commission filed a CR-101, Notice and Opportunity to File Written Comments, on August 26, 2011. Two parties filed comments. Staff held a stakeholder workshop on October 11, 2011, during which moving companies and their representatives provided additional comments. The commission sent draft revised rules to stakeholders on November 10, 2011, for comment by

December 9, 2011. Two parties filed comments. On March 9, 2012, the commission filed a CR-102, Notice of Opportunity to Submit Written Comments on Proposed Rules. One party, the Washington Movers Conference, filed comments. A copy of the comment matrix is included as Attachment 2.

PROPOSED CHANGES

The attached proposed rules make the following changes to our current rules.

1. Types of household goods permits: The rules currently have three types of household goods permits: (1) emergency temporary authority which is issued for a period of only 30 days to meet an immediate and urgent need, (2) temporary authority which is issued for a period of up to six months to meet a short-term need, and (3) permanent authority which is issued on a permanent basis. These three types of permits have been in our rules for decades. However, changes at the commission and in the industry over the years make this structure obsolete. We have not issued an emergency temporary or a temporary permit in at least 15 years, nor do we believe we will in the future. We have changed the way we process permanent authority permits, making temporary permits unnecessary. We can issue permanent authority permits fairly quickly once the applicant has met all the requirements.

In practice, we issue a permanent authority permit on a “provisional” basis for a period of at least six months. Within the provisional period, staff ensures that the carrier is providing household goods moving services according to the tariff and applicable rules, including consumer protection, economic, and safety rules. Staff reviews consumer surveys, ensures the carrier attends commission-provided training, and completes a safety review before it removes the carrier from provisional status and issues a permanent authority permit.

We intend to revise the rules to eliminate the emergency and temporary permits. We will insert language that makes it clear how an applicant can receive a provisional permit and how he or she can receive a permanent authority permit.

2. Requirements to Issue a Permit: We propose to change entry requirements in the following ways:
 - Applicants must provide a copy of a valid Washington state driver’s license for each person named in the application associated with the proposed moving company.
 - Applicants must show “evidence of compliance with tax, labor, employment, business, and vehicle licensing laws and rules . . .” Staff will require applicants to provide account numbers or similar evidence that they have established accounts with the appropriate state agencies, such as Revenue, Labor and Industries, Employment Security, and Department of Licensing.

- Applicants must show evidence that they have a drug and alcohol testing program as required by commission rules (WAC 480-15-570, which adopts the federal requirements at CFR Part 382: *Controlled Substance and Alcohol Use and Testing*). An applicant can meet this requirement by providing the name of the consortium or facility where it contracts for drug testing requirements.
- Each applicant must submit to a criminal background check, and must run a background check on his or her employees. Before issuing a provisional permit, staff will run a criminal background check on each named applicant. In addition, before issuing the permanent permit, staff will require evidence that the company ran a background check on any of its own employees who will have contact with a customer or a customer's residence. The background checks may not show a history, "within the past five years, of a conviction theft, burglary, sexual misconduct, identity theft, fraud, false statements or the manufacture, sale or distribution of a controlled substance."

CONCLUSION

The rulemaking team recommends the commission approve revised rules for household goods entry standards as shown in Attachment 1.