



Task 23-1: Information and Data Needs for Examining the Terms, Conditions, and Equitability of Common Truck Leasing Arrangements

Task 23-1: The Truck Leasing Task Force (TLTF) will provide a report to the Agency regarding TLTF's examination of the terms, conditions, and equitability of common truck leasing arrangements, particularly as they impact owner-operators and trucking businesses subject to such agreements. This task focuses primarily on information and data TLTF members believe the need to support their work as they plan their meeting schedule.

I. Assess the BIL language establishing the task force and the required topics to include in the final report.

- A. Define the different types of owner operation. These include:
 1. Owner-operators under lease-purchase program.
 2. Owner-operators who have their own equipment that they service while operating under motor carrier authority (one contract).
 3. Owner-operators who operates under their own authority.
 4. Clarify and define truck leasing agreements in a uniform nationwide standard.
- B. Reduce and revise carrier lease contracts.
 1. Language forcing drivers to waive their rights was noted in litigation. This can be exploitative of drivers.
 2. Carriers and companies skirting regulations need to be addressed.
- C. Determine the standards and language used by different carriers in contracts.

Understanding common industry practices will inform future recommendations.
- D. Regulations governing traditional owner-operators differ from a driver who enters a "lease-purchase" program with a carrier.
 1. The rules regarding lease-purchase programs lack robustness.
 - a. Familiarize members with the truth in leasing law (49 CFR Part 376).
 - b. Have truth in leasing regulations worked in the trucking industry? Clarify the current impact of the truth in leasing laws.
 - c. Lack of enforcement undercuts regulations and their adoption.
 2. Establish different rules and oversight for owner-operators versus "lease-purchase" drivers.
 3. Identify how language, either in current regulations or proposed changes, impacts long-haul vs short-haul drivers.
 4. Differences exist between "normal" equipment leasing agreements and truck leasing agreements.
 - a. A large truck is a unique piece of equipment. If equipment fails, drivers absorb the costs.
 - b. If a driver encounters mechanical troubles and must vacate the vehicle, they can be forced to use a truck supplied by their company, resulting in potential loss of pay and operational liberty.
 5. Clarification of the owner-operator definition is necessary. Also clarify whether leasing agreements provide a differentiation between an employee and an official owner-operator.

6. Carriers currently hold outsized power over leasing agreements. This potentially erodes safety standards. Carriers can prevent drivers from making final payments on their leased equipment. Equity may be lost, and drivers potentially left with nothing.
7. Carriers should not own a driver's debt for a lease agreement.
8. Why do people get involved in lease-purchase contracts? Is it lack of credit and capital, along with the promise of ownership and improving financially?

II. Data Needs

- A. Collect and analyze settlement sheets.
 1. A review of final accounts could demonstrate the financial impact of leased vehicles for the lessor and provide oversight into potential bad behavior.
 2. Examine the typical weekly take-home pay of drivers after leasing company deductions. Identify the percentage of agreements that conclude with drivers keeping the truck.
- B. Determine what percentage of drivers participate in lease agreements.
- C. Define lease purchase agreement and owner-operator lease agreements.
- D. Predatory leasing agreements create a negative perception of the industry and harm drivers.
- E. Request wage data from the Bureau of Labor Statistics for drivers in lease-purchase agreements.
- F. Research the role of the broker/carrier in load brokering to determine how much a driver typically receives.
 1. Investigate crash rates of companies using lease agreements.
 2. Determine how drivers are getting trained, who is paying for it, and if there is a correlation between certain training models and drivers entering predatory lease agreements.
- G. Obtain data on "bad actors" as well as those lessors who adhere to the regulations.
 1. Determine if current regulations carry enough weight to address industry issues.
 2. The fuel surcharge serves as an historical example of an attempt to control bad actors.
- H. Determine the recruiting tactics used by companies and which groups of people statistically enter into predatory agreements.
- I. Compile complaints against trucking businesses.

III. Identify terms, conditions, and equitability of common truck leasing arrangements as they impact owner-operators subject to those agreements.

- A. Determine expectations, requirements, and flexibility of operations in the agreements and contracts held by drivers.
- B. Effectively communicate with drivers who speak English as a second language.
- C. The industry and public frequently misuse and mischaracterize the term "owner-operator."
- D. Examine successful and unsuccessful owner-operator models.
- E. Lease-purchase program conditions must meet a driver's logical expectations in terms of business hours, compensation, and operational freedom.
 1. How can industry changes ensure drivers can access the owner-operator model fairly and equitably?

2. Standardize the process for drivers to progress into owner-operators.
 3. Low load demand can result in drivers struggling to finish putting equity into their vehicle.
- F. Determine criteria for entering into a leasing agreement and highlight problem areas for drivers.
- G. Establish underwriting standards across the industry and determine areas for improvement and best practices.
1. Who is being put into the trucks after signing a lease agreement?
 2. Are these drivers ready technically and professionally?
- H. Predatory lease agreements impacts drivers' quality of life by creating professional and financial roadblocks.
1. Financial constraints lead to deferred retirement and diminished quality of life.
 2. Determine retirement rates for average company drivers versus that of owner-operator.
- I. Technological upgrades lead to mechanical concerns for drivers. Mechanical maintenance is typically not included in leasing agreements.
- J. Determine the number of Commercial Driver's License (CDL) holders compared to current drivers.
- K. In lease agreements, carriers require repairs to be completed at a preferred company, possibly associated with the carrier. This restricts drivers from access to the free market for repairs and maintenance. Require the disclosure of repair records to drivers entering into lease-purchase agreements.
- L. Provide lessees with a record of the lease history for each vehicle.
- M. Develop best practices for entering into a lease agreement for new, current, and potential owner-operators.
- N. Determine and leverage organizations and associations that provide data to support reducing predatory leasing.
- O. When considering load assignments, create recommendations that help drivers and address the needs of the operating companies.

IV. Identify terms, conditions, and equitability of common truck leasing arrangements as they impact trucking businesses subject to those agreements.

- A. Trucking businesses write the leases that favor the carriers. Individuals have limited options to negotiate or change terms.
- B. Address motor carrier authority and clarify who controls equipment under operation.
- C. Define the difference between equipment leases and service leases.
- D. Targeting scams will help drivers and raise industry standards. Carriers sometimes take advantage of potential lessees with less experience.
- E. Develop a list of best practices for carriers and share at truck stops, on social media and in modern communication channels accessed by drivers.
- F. Post-pandemic economic disruption, recovery and transformation experienced by the industry makes leased vehicles more appealing to carriers. Potential regulations that might impact the supply chain require extra consideration.
- G. Business incentives for exemptions to existing regulations diminish national roadway safety.

- H. Determine how companies enforce leasing rules and whether new regulations would be limited by potential lack of enforcement.
- I. For carriers with lease-agreement programs, determine if they have sustainable “freight rates.”

V. Identify organizations/experts that could provide presentations or briefings in upcoming meetings.

- A. Hear from a variety of groups that can share perspectives, issues, and important topics for consideration.
 - 1. Real Women in Trucking.
 - 2. North American Punjabi Trucking Association.
 - 3. Lone Mountain Truck Leasing
 - 4. Various trucking organizations could provide insight from both a driver and industry perspective on lease-to-purchase agreements.
- B. Leverage FMCSA’s Consumer Complaint Database for data requests and supply them with lease-agreement contracts for their opinions on compliance with current rules that could be enforced.
- C. Determine whether the Federal Trade Commission (FTC) can hold carriers accountable for non-compliance. Request an overview of rules they enforce that could benefit task force initiatives.
- D. Consider testimony from drivers who have experience with predatory-leasing agreements.
- E. The Owner-Operator Independent Drivers Association (OOIDA) uses a robust communications platform.
- F. Determine the impact of carriers that simultaneously operate as a mechanical shop, insurance provider, and other aspects of operations. Expenditures and upfront costs create a steep financial burden for drivers.
- G. Solicit perspectives from applicants to TLTF who were not selected as task force members.