

Testimony by Kevin B. Maloney Re: SB385 An Act Defining Owner Operators in the Motor
Carrier Industry

Before the Legislature's Transportation Committee

Good Morning. My name is Kevin Maloney. I own and operate a transportation company in Windsor Locks called Northeast Express Transportation, Inc. I am submitting this testimony in support of SB 385, "An act concerning owner operators in the motor carrier industry".

I have used the owner-operator business model in my company since the late nineteen seventies, and it has allowed me to grow my business and serve my customers more effectively, both from a pricing and operational perspective. My ability to mirror the fluctuation in my customers' demand for service with a similar fluctuation in the size of my work force means that I don't have a lot of capital resources lying dormant during slow periods and my customers are not incurring the cost of those unused resources when they do not need them.

Conversely, it also allows me to engage additional short term resources when the customers' expanded needs warrant them. And just as I am free to expand and contract the number of owner-operators I utilize, they are in turn free to come and go at will, work when they want to and only when they want to. Indeed, some of our owner-operators take a month or more off at a time.

Over my fifty year career in the transportation business, I've found that companies using the owner-operator model are incubators for entrepreneurs. This is particularly true of immigrants who come to this country wishing to live the American dream. The cost of entry is affordable for most of them, simply the cost of a vehicle, and there aren't a whole lot of technical skills involved. It is an industry in which hard work still pays off. There are at least a half a dozen companies throughout Connecticut run by individuals who began as owner-operators for my firm. If nothing else, that certainly creates a more competitive marketplace.

I mentioned that this business model allows individuals to better themselves simply through hard work, and I'd like to share a story with you that will substantiate that comment. A couple of years ago, I drove to my office one Saturday morning and I noticed an ocean container staged at our dock. This caught my attention because we don't do any ocean container work. When I walked on our dock, I saw about a half dozen of our contractors loading the container with everything you could imagine; baby carriages, batteries, fishing gear, even a car. When I questioned them as to the reason for this, they explained that they were shipping all this stuff to their immediate and extended families in Ghana because, even if their families could afford these things (which they couldn't), they simply didn't have access to get many of them.

Just a couple of days later, I heard an interview with Ambassador Andrew Young, who was explaining how hundreds of millions of dollars in aid are flowing to countries on the African continent, not from official U.S. sources, but instead from ex-pats like the guys that work for me. Questioning them further, I discovered that more than a few of them are here without their families. The money that they earn as owner-operators for me allows them to send a substantial portion of it home, enabling their families to maintain a far better standard of living

than they could otherwise afford, including private school education for their children. That's an extraordinary sacrifice for a father to make on behalf of his family, and it is gratifying to know that our company in some way helps that effort. And it should be obvious that there would be no way these folks could do this if they were working some menial job at minimum wage.

The standards used under the existing laws of Connecticut that determine independent contractor status make it nearly impossible for companies like mine to comply with the law. I urge you to favorably report SB 385.

This concludes my testimony. Thank you for your consideration.