

Rate Exempt Areas or ... just what is "pick a point?"

Determining rate-exempt areas -- "pick a point" or otherwise -- is a confusing process, to say the least. Here is a tool that may help you understand it better.

DEFINITION:

The law says that **moves taking place within a ten-mile radius of a base point** (outside counties with 1 million population for household goods shipments) **may be considered rate-exempt.**

By statute, an intrastate rate-exempt area is a "terminal area," which is a ten (10) air-mile extension of the city limits of any incorporated community. *The terminal area is considered a base point.* For household goods movers, the big exception is in Cook County or other counties with 1 million population. Moves which take place entirely within such counties are not rate-exempt.

HOW TO:

Included in your reference manual is a plastic template of a "50 air miles radial scope" and two "ten air mile radial scopes," for use with a standard-sized (Secretary of State issued) official state highway map. For this exercise, you're only interested in the two 10-mile scopes. You probably won't use the other one for anything, since all our tariffs are calculated as "road" miles.

To determine whether a particular move qualifies as rate-exempt:

1. Clip the two 10-mile scopes from the plastic. (You'll have two separate scopes in hand.)
2. Use an official state highway map (standard size - IDOT/Secretary of State version, not an imposter) and verify that the 10-mile scopes (on your plastic copy) are of an accurate scale.
3. Place the cross hairs of one scope on the map location where you will load ("origin"). Place the cross hairs of the second scope on the location where you will deliver ("destination"). If either origin or destination is a large city (shown in gold on the map), place the cross hairs on the city boundary closest to the other point (as the crow flies).

4. If both the origin and destination fall within one 10-mile scope, and if either the origin or destination (or both) is outside Cook County, you can consider either the origin or the destination to be the "base point," and the move can be considered rate-exempt.
5. If neither the origin nor the destination fit the criteria as a base point, you can "pick a point."

To "pick a point," you will try to "find the football." Position the cross hairs of the two 10-mile scopes (see #3). Look for a "football" shaped overlapping of the scopes. If they do overlap, look for an incorporated city within that "football" -- and that city will become the base point. (Be sure to write the base point on your bill of lading for future reference, especially in case of an audit.) *If the ten-mile rings of the two scopes do not overlap when the cross hairs are on the origin and destination, there is no possibility of the move qualifying as rate-exempt.*

6. You cannot "leap frog" from one area to another to determine rate-exempt areas. The base point must take in both the origin and destination in order to qualify as a rate-exempt area. **Simple test: place the cross-hairs of one of the 10-mile scopes on the base point you have "picked." If the scope encircles both the origin and the destination, and one or the other (or both) is outside of Cook County or other county with 1 million population, the move can be "rate-exempt."**

REMEMBER:

Even though rate-exempt areas *allow* you to disregard your tariff, you are not required to use rate-exempt areas as a means of pricing your services. Rate-exempt does not automatically mean discount. "You could charge **more** than your normal tariff rate. **But we strongly recommend you follow your tariff anyway.**

Only rates are exempt in rate-exempt areas. You still must have the proper operating authority and complete all the necessary paperwork (estimate and b/l, etc.) and follow all the regulations.

Do detail on the estimate and b/l the number of men and trucks you intend to send out to the move, so the customer will know what to expect.