

## Attachment I

### INFORMATION COLLECTION ANALYSIS Practices of Household Goods Brokers, RIN 2126-AA84

#### Current Information Collection Burden

- Household Goods Broker (HHG) Transactions - Current § 371.3 requirement that brokers keep records of each transaction containing specified information - 15 minutes per day per household goods broker, 240 workdays per year = 60 hours per household goods broker times 690 household goods brokers = 41,400 hours per year.
- Original Business Accounting System - Setting up the first accounting system for a new business is a usual and customary business practice. The PRA regulations at 5 CFR 1320.3(b)(2) allow FMCSA to calculate no burden when the agency demonstrates to OMB that the activity needed to comply with the specific regulation is usual and customary.
- Separate accounting system - Current § 371.13 requirement that brokers segregate expenses and revenues attributable to brokerage from those attributable to non-brokerage services - one time, first year cost to set up a separate accounting system, 8 burden-hours times 125 new entrant household goods brokers each year equals 1,000 annual hours burden.
- Current information collection burden under the PRA estimated to be 42,400 annual burden-hours across the approximately 690 HHG property brokers subject to current 49 CFR Part 371.

#### Final Rule Information Collection Burden

This new final rule results in an additional 26,500 recurring annual burden-hours after 112,400 in the first year.

1) 371.107—Website/Ad Modification: Information collection requirements in 371.107 require broker-staff to work with ad designers or website designers to create, modify, and in some cases remove items from advertisements and websites. Not all brokers require creation or modification of such products. We assume that the average broker will spend 20 hours per year on these endeavors, so for 690 brokers, this comes to 13,800 annual burden-hours (690 x 20)

2) 371.109—Create a List of Carriers: Information collection requirements in 371.109 which require broker staff to work with typesetters, printers, and website designers to create paper and electronic lists of motor carriers. We assume that the average broker will spend 10 hours per year on these endeavors, so for 690 brokers, this comes to 6,900 annual burden-hours (690 x 10).

3) 371.111(a)—Pamphlet Provision: This regulatory change would require HHG brokers to provide consumers (shippers) with information, by means of FMCSA pamphlets “Your Rights and Responsibilities When You Move” and “Ready to Move?—Tips for a Successful Interstate Move.” HHG brokers can accomplish this either (1) by providing a link on their websites, or (2) by physically distributing the pamphlets. The Agency conservatively assumes that it requires one-half hour for a computer programmer to create a website-link for the pamphlet. The cost of providing the link is limited to half an hour of programming/uploading for each of the 690 active HHG brokers, for a total of 345 hours ( $\frac{1}{2} \times 690$ ). Because this action does not have to be repeated, we estimated that all burden-hours are incurred in the first year of analysis. FMCSA believes most, if not all, HHG brokers will only provide a hyperlink for individual shipper’s to link to FMCSA’s web site to obtain the pamphlets. Thus, we have estimated 100 percent of this requirement will be done electronically and not via paper distribution.

4) 371.111(c)—Confirming that the Required Information Has Been Received: Shippers would be required to provide a signed and dated statement indicating that they have received the required information from the HHG broker. The HHG broker must inform the shipper of the necessity to fill out the statement, receive the statements, file them, and empty the files after they have been retained for 3 years.

The time necessary for individual shippers to comply arising from this process would include downloading and printing the form on their own printers, checking appropriate boxes, signing the form, and either: (1) placing it in an envelope, affixing a stamp, and mailing it; or (2) scanning the signed form and e-mailing or uploading it to the HHG broker. FMCSA estimates 100,000 moves are done annually.

The time necessary for HHG brokers to comply arising from informing the shipper of the necessity to fill out the statement, receiving the statements, filing them, and emptying the files after they have been retained for 3 years would be approximately 4,140 hours (690 HHG brokers  $\times$   $\frac{1}{2}$  an hour per month  $\times$  12 months per year).

5) 371.113—Explanation of Physical-Survey Waiver-Agreement: The requirement that a broker have a household-goods carrier or an agent conduct an *on-site* physical survey of all household goods (unless the shipper is more than 50 miles from the broker’s or carrier’s office or waives that right) was already considered and is accounted for in ICB 2126-0025 Transportation of Household Goods for § 375.401 (of a 2007 rule-making).

We require a household goods broker to explain the physical-survey waiver-agreement to the individual shipper in plain English (see new § 371.113(c)(2)). If 20,000 of the 100,000 moves per year require explanation of the waiver-agreement and it takes five minutes of a correspondence clerk’s time, then 1,667 annual burden-hours result (20,000 explanations  $\times$  (1/12) hours/explanation).

6) 371.115—Negotiation of Agreements Between Broker and Carrier: An agreement is negotiated between the broker and motor carrier—the broker must reduce it to writing,

obtain the signatures of the broker and motor carrier, and make copies. We assume four hours is a reasonable time to complete a single agreement.

In the proposed rule’s information collection supporting statement and initial regulatory evaluation, we stated that it would be reasonable to assume that brokers would have agreements with an average of five different motor carriers. A commenter believed this assumption was inaccurate. In response, FMCSA polled its eight household goods investigators who perform compliance reviews.

Out of seven broker compliance reviews conducted at the time of the poll, FMCSA investigators found a total of 220 written agreements with carriers, which averages to 31 written agreements per broker (220 / 7). Therefore, we have estimated 85,560 total hours are required to complete all of the requisite tasks (690 brokers x 31 written agreements per broker x 4 hours per written agreement = 85,560 hours).

This should be considered a one-time cost, and as such will only affect the first year of the analysis. Attachment I Table 1 presents the calculations described above.

<b>Attachment I Table 1: Hourly Burden of Negotiating Written Agreements Between HHG Broker and HHG Motor Carrier</b>	
<b>One-Time Only</b>	<b>Amount</b>
<b>Total Broker Compliance Reviews Conducted</b>	7
<b>Total Broker-Carrier Agreements of Those Seven Brokers Reviewed</b>	220
<b>Average Number of Agreements Per Broker (220 / 7)</b>	31
<b>Average Hours Per Negotiation of an Agreement</b>	4
<b>Total Number of Brokers</b>	690
<b>Total Hours Spent Negotiating Agreements (690 x 4 x 31)</b>	85,560

In addition, HHG brokers will eventually sever some of these agreements and make agreements with new carriers. We can assume that they essentially replace some portion of the 31 written agreements annually. If we assume that an average agreement lasts for about six years, then that amounts to about five new written agreements having to be negotiated each year.<sup>1</sup> Thus, the recurring annual burden hours of negotiating agreements between broker and carrier is 13,800 annual burden hours.<sup>2</sup>

<sup>1</sup> 5 agreements for 6 years = 5+5+5+5+5+5 = 30 agreements. This in essence means (is an assumption) that a broker’s carrier population (of 31 agreements) turns over about every six years.

<sup>2</sup> 690 brokers x 5 agreements per broker x 4 hours per written agreement = 13,800 hours.

7) 371.117—Disclosure and Records: This proposal would require full disclosure of the terms governing deposits and forfeitures in the event of cancellations. The disclosure requirement can be accomplished by including material on the HHG brokers’ websites and would add no cost for brokers choosing to post the consumer information pamphlets on their websites. However, this proposal is not merely a disclosure requirement—§ 371.117(b) requires maintaining cancellation records and evidence of refunds of deposits. In addition, the rule requires that the cancellation policies also be provided in the actual agreement with the shipper—so that there are potential costs associated with the revision and reprinting of existing agreements. If correspondence clerks for each of the 690 brokers spend 10 hours annually, 6,900 burden-hours result.

8) 371.119—Removal of the Verification Requirement: This regulatory change requires that HHG brokers use only household goods motor carriers registered with FMCSA. Currently, household goods motor carriers must have the proper insurance, operating authority, and DOT number in order to operate in interstate commerce. Related to this new requirement, FMCSA had proposed to require brokers to verify the registration of motor carriers, which they are not explicitly required to do now. Based on comments to the NPRM, FMCSA is removing this requirement from the final rule, so there are no burden-hours.

- First-year burden-hours total about 175,500 (rounded).
- Subsequent-year burden-hours total about 89,600 (rounded).

Attachment I Table 2: Total Annual Burden-Hours Across the 690 Household Goods Property Brokers			
Section	Description	Calculation	Hours
371.3	Household Goods Broker Transactions	15min/day x 240 workdays x 690	41,400
371.13	Separate Accounting System*	8hrs x 125 new entrants	1,000
371.107	Website/Ad Modification	20hr x 690	13,800
371.109	Create A List of Carriers	10hr x 690	6,900
371.111(a)	Pamphlet Provision (One-Time)	0.5hr x 690	345
371.111(c)	Confirming Required Info	0.5hr/month x 12 x 690	4,140
371.113	Explanation of Waiver-Agreement	(1/12)hr x 20,000	1,667
371.115	Negotiation of Agreements (One-Time)	4hr x 31 agreements x 690	85,560
	Additional Agreements Through Turnover	4hr x 5 agreements x 690	13,800
371.117	Disclosure and Records	10hr x 690	6,900
371.119	Removed Verification Requirement	Removed	0
Total First-Year Hours			<b>175,512</b>
Total Recurring Annual Hours			<b>89,607</b>

§ 371.107(a) - display in your advertisements and Internet web homepage(s) the physical location(s) (street or highway address) where you conduct business.

§ 371.107(b) – display in your advertisements and Internet web homepage(s) your U.S. DOT registration number(s) issued by FMCSA and your status as a household goods broker.

§ 371.107(c) – display statement that you will not transport an individual shipper’s household goods, but that you will arrange for the transportation of the household goods by an FMCSA-authorized household goods motor carrier.

§ 371.107(d) – display statement that broker estimates must be based on the carrier’s tariff and that the carrier is required to make its tariff available for public inspection upon a reasonable request.

§ 371.107(e) – will not include in your advertisements or Internet web homepage(s) the names or logos of FMCSA-authorized household goods motor carriers with whom you do not have a written agreement as specified in § 371.115.

§ 371.109(a) - provide an electronic or paper list of all authorized household goods motor carriers you use, including their U.S. DOT registration number(s) and MC license numbers.

§ 371.109(b) - provide an electronic or paper statement stating you are not a motor carrier authorized by the Federal Government to transport the individual shipper's household goods.

§ 371.111(a) – provide FMCSA pamphlets “Your Rights and Responsibilities When You Move” and “Ready to Move?—Tips for a Successful Interstate Move” electronically or on paper.

§ 371.111(b) - if an individual shipper elects to waive physical receipt of the two FMCSA pamphlets and decides to get it electronically on the Internet, include a clear and concise statement on the written estimate that the individual shipper expressly agreed to access the Federal consumer protection information on the Internet rather than accept paper copies.

§ 371.111(c) - obtain a signed, dated, electronic or paper receipt showing the individual shipper has received both booklets that includes, if applicable, verification of the shipper’s agreement to access the Federal consumer protection information on the Internet.

§ 371.111(d) - maintain the signed receipt for three years from the date the individual shipper signs the receipt.

§ 371.113(a) - estimate must be in writing and must be based on a physical survey of the household goods.

§ 371.113(c)(1) - shipper may elect to waive the physical survey required in paragraph (a) of this section by written agreement signed by the shipper before the shipment is loaded.

§ 371.113(c)(2) - the physical survey waiver agreement must be explained to the individual shipper, printed on the written estimate, and printed at no less than 7-point font size and with font typeface Universe.

§ 371.113(c)(3) - waiver agreement must be retained as an addendum to the bill of lading and is subject to the same record inspection and preservation requirements as are applicable to bills of lading.

§ 371.113(d) - keep the records for three years following the date you provide the written estimate for an individual shipper who accepts the estimate and has you procure the transportation.

§ 371.115(a) – create and provide estimates, household goods brokers must have agreement to household goods motor carrier.

§ 371.115(c) – keep copies of the agreements for as long as you provide estimates on behalf of the authorized household goods motor carrier and for three years thereafter

§ 371.117(a) – disclose prominently on your Internet website and in your agreements with prospective shippers your cancellation policy, deposit policy, and policy for refunding deposited funds.

§ 371.117(b) - record cancellations & dispositions of proof of refund or refund mailing.