

**Department of Transportation
Federal Motor Carrier Safety Administration**

**SUPPORTING STATEMENT
Annual Report of Class I and Class II For-Hire Motor Carriers**

INTRODUCTION

The Federal Motor Carrier Safety Administration (FMCSA) submits to the Office of Management and Budget (OMB) its request to renew a currently-approved information collection request (ICR) titled “*Annual Report of Class I and Class II For-Hire Motor Carriers*” (OMB Control No. 2126-0032). The currently approved ICR, which is due to expire on September 30, 2020, applies to Class I and Class II for-hire motor carriers of property (Form M) and Class I for-hire motor carriers of passengers (Form MP-1). FMCSA is requesting that information collection approval for Form M and Form MP-1 continue to be effective for the 3-year period covered by this ICR.

Part A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

49 U.S.C. 14123 (Attachment A), transferred to the Secretary of Transportation (Secretary) the responsibility to require Class I and Class II motor carriers of property, including household goods and dual property motor carriers to file Form M.¹ Form M requests information on annual financial and safety reports that include balance sheets and income statements. Under section 14123, the Secretary may also require motor carriers, freight forwarders, brokers, lessors, and associations, or classes of them, to file annually, periodic, or special reports with the Secretary and respond to surveys concerning their operations.

Initially, the Secretary transferred this reporting authority to administer the Financial and Operating Statistics (F&OS) program to the former Bureau of Transportation Statistics (BTS) on September 30, 1998 (63 FR 52192) (Attachment B). Pursuant to this authority, the BTS in the Research and Innovative Technology Administration (RITA), now Office of the Assistant Secretary for Research and Technology, became the responsible DOT administration for implementing the F&OS program and requirements set forth in title 49 CFR part 1420 (Attachment C). On September 29, 2004, the Secretary transferred the responsibility for the F&OS program from BTS to FMCSA (69 FR 51009) (Attachment D). On August 10, 2006, DOT published a final rule (71 FR 45740) (Attachment E) that transferred and re-designated certain motor carrier financial and statistical reporting regulations of BTS, that were formerly located in chapter XI of title 49 CFR part 1420, to FMCSA under chapter III of title 49 CFR, and established a new part 369 to accommodate the re-designated regulations.

49 U.S.C. 14123 also requires the Secretary of Transportation to collect annual financial reports from certain for-hire motor carriers of passengers (Attachment A). All Class I for-hire motor carriers of passengers are required to complete and file a Motor Carrier Annual Report

¹ See 49 CFR 369.1.

Form MP-1 for Motor Carriers of Passengers² (Attachment F). FMCSA estimates there are approximately 60 to 80 Class I passenger carriers and currently, the Agency has received financial information on Form MP-1 from 0 passenger carriers.

As the collection of the F&OS program data is statutorily required, FMCSA is requesting OMB's approval to renew this information collection for motor carriers reporting their annual financial and operating data. However, FMCSA does not use the information collected through either Form M or Form MP-1, nor does it enforce the filing requirements found in part 369. The Agency was not provided the necessary resources to administer the data collection and the financial reports are of little if any value in fulfilling the Agency's safety mission. While this statute also addresses safety reports, FMCSA has other statutory authority to collect required safety data from all regulated motor carriers. FMCSA has suggested that Congress repeal section 14123 in the past, but as the section still exists, this ICR is required to fulfill the collection mandate contained in the statute.

FMCSA has created electronic forms that may be prepared, signed electronically, and submitted to FMCSA via <https://ask.fmcsa.dot.gov/app/ask/>. However, forms can still be mailed to FMCSA.

2. HOW, BY WHOM, AND FOR WHAT PURPOSE IS THE INFORMATION USED

Form M is required to collect financial, operating, equipment, and employment data from individual motor carriers of property and household goods. All for-hire (common and contract) motor carriers of property with gross annual operating revenue of \$3 million or more must file the annual report Form M. Form MP-1 is required to collect financial, operating, equipment, and employment data from individual motor carriers of passengers. All Class I for-hire motor carriers of passengers with gross annual operating revenues of \$5 million or more are required to file the annual report Form MP-1.

The data collected is available to users in its original form. The data are not used by the U.S. Department of Transportation, and, based on a comment to a proposed rule finalized on December 17, 2013 (78 FR 76241), the data are no longer used by trucking associations. The agency is also considering how it might remove some of this reporting requirement, consistent with statute, through a separate rulemaking, but the agency needs to renew the Collection of Information now while that process plays out. Insurance companies, consultants, law firms, academia, trade publications and others may use the data to assess industry growth and its impact on the economy, to identify industry changes that may affect national transportation, and to monitor company financial stability. In the past, the Bureau of Economic Analysis (BEA) used the data to inform the national annual input-output and Gross Domestic Product (GDP)³ estimates, to prepare estimates of industry output, and to provide details on inputs to supplement the information on motor carriers of passengers collected by the U.S. Census Bureau. FMCSA is not aware of anyone currently using this information.

For this iteration of the ICR, FMCSA invites public comments on how FMCSA can reduce, consolidate, and streamline Forms M and MP-1.

² U.S Code Chapter 49 Section 369.4.

³ The gross domestic product is the market value of all officially recognized final goods and services produced within a country in a given period.

3. EXTENT OF AUTOMATED INFORMATION COLLECTION

Information relevant to collection of the data and the necessary forms are available on FMCSA's website, <https://www.fmcsa.dot.gov/mission/forms>. The forms can be submitted electronically or printed and mailed to FMCSA.

4. EFFORTS TO IDENTIFY DUPLICATION

The Census Bureau, through its Services Annual Survey, provides similar statistical data for the transportation industry. However, the Census Bureau does not collect the same information as FMCSA. The Census Bureau is prohibited by law from providing data about individual carriers to the public.

5. EFFORTS TO MINIMIZE THE BURDEN ON SMALL BUSINESSES

This ICR covers for-hire motor carriers of property and household goods (Form M) and for-hire motor carriers of passengers (Form MP-1).

For-Hire Motor Carriers of Property and Household Goods (Form M)

For-Hire Motor Carriers of Property and Household Goods fall under the following North American Industry Classification System (NAICS) codes:

- 484110 General Freight Trucking, Local
- 484121 General Freight Trucking, Long-Distance Truckload
- 484122 General Freight Trucking, Long-Distance, Less Than Truckload
- 484210 Used Household and Office Goods Moving
- 484220 Specialized Freight (except Used Goods) Trucking, Local
- 484230 Specialized Freight (except Used Goods) Trucking, Long-Distance

The Small Business Administration (SBA) defines the small business standard for the above NAICS codes to be at the \$30 million threshold in operating annual revenues. For example, if a for-hire motor carrier of property and household goods has an operating revenue of less than \$30 million, then the motor carrier would be considered a small business.

FMCSA requires for-hire motor carriers of property and household goods with an operating revenue of \$3M or greater, adjusted for inflation, to submit Form M. Thus, FMCSA requires small businesses with an operating revenue between \$3M and \$30M to submit Form M. On average FMCSA receives 43 Form M forms annually.⁴ Of the 43 forms, FMCSA estimates 24 of the forms—or approximately 56%—are submitted by small businesses.

To reduce the burden of Form M, in 1999, Form M was reduced to eight pages and in 2013, FMCSA eliminated the quarterly reports including "Form QFR Quarterly for Property Carriers," which was previously authorized by OMB Control Number 2126-0032.

FMCSA does not have the statutory authority to eliminate the annual reporting requirements for property carriers.

⁴ Data source: FMCSA, Electronic Document Management System (EDMS), Form M files on record, as of 11/14/2019.

In an effort to further reduce the burden to small businesses, FMCSA invites the public to provide comments on revising the Form M content.

For-hire motor carriers of passengers (Form MP-1) fall under the following NAICS codes:

- 485111 Mixed Mode Transit Systems
- 485112 Commuter Rail Systems
- 485113 Bus and Other Motor Vehicle Transit Systems
- 485119 Other Urban Transit Systems
- 485210 Interurban and Rural Bus Transportation
- 485310 Taxi Service
- 485320 Limousine Service
- 485410 School and Employee Bus Transportation
- 485510 Charter Bus Industry
- 485991 Special Needs Transportation
- 485999 All Other Transit and Ground Passenger Transportation

The SBA defines the small business standard for the above NAICS codes to be at the \$16.5 million threshold in operating annual revenues. FMCSA thus requires small businesses with an operating revenue between \$5 million and \$16.5 million, adjusted for inflation, to submit Form MP-1. FMCSA did not receive any Form MP-1 data from 2016 to 2018. However, FMCSA does expect more than half of respondents in the future (if any) to be small businesses.

In an effort to reduce the burden to small businesses, on December 17, 2013, FMCSA eliminated the quarterly report for Class I passenger carrier financial quarterly survey “Form MP-1 Quarterly,” authorized by OMB Control Number 2126-0031.

FMCSA does not have the statutory authority to eliminate the annual reporting requirements for passenger carriers.

In an effort to further reduce the burden to small businesses, FMCSA invites the public to provide comments on revising the form MP-1 content.

6. IMPACT OF LESS FREQUENT COLLECTION OF INFORMATION

As required by statute, FMCSA requires that Form M and Form MP-1 be submitted on an annual basis. Updating financial data on an annual basis is consistent with financial reporting standards set by the Financial Accounting Standards Board.

7. SPECIAL CIRCUMSTANCES

There are no special circumstances.

8. COMPLIANCE WITH 4 CFR 1320.8

FMCSA published the 60-day Federal Register notice (85 FR 21918) published on April 20, 2020. The Agency received 0 comments in response to the 60-day Federal Register notice. FMCSA published the 30-day Federal Register notice (85 FR 46210) on July 31, 2020.

9. PAYMENTS OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents.

10. ASSURANCE OF CONFIDENTIALITY:

Currently, all data are made available at the respondent level. Regulations at 49 CFR part 369 allow a motor carrier to request an exemption from filing (369.8) or public release (369.9).

The decision to grant the exemptions is based on the criteria established by those regulations.

11. JUSTIFICATION FOR COLLECTION OF SENSITIVE INFORMATION

There are no questions of a sensitive nature.

12. ESTIMATE OF BURDEN HOURS FOR INFORMATION REQUESTED

This ICR covers two information collections: Form M, filed by Class I and Class II motor carriers of property and household goods, and Form MP-1, filed by Class I motor carriers of passengers. The following section summarizes the estimated burden hours, by form.

Information Collection 1: Class I Non-Exempt Motor Carriers of Property and Household Goods (Form M)

FMCSA classifies non-exempt motor carriers of property, household goods, and dual property carriers under three classifications. Class I carriers have an annual operating revenue¹ of \$10 million or more; Class II carriers have an annual operating revenue of at least \$3 million but less than \$10 million; and Class III carriers have an annual operating revenue of less than \$3 million. FMCSA requires motor carriers with operating revenues of more than \$3 million to submit Form M on an annual basis. Because the \$3 million threshold was implemented in 1994, carriers must adjust their operating revenue threshold using the following formula: [Current year's annual operating revenue × (1994 average PPI / Current year's average PPI) = Adjusted annual operating revenues]. For example, if a carrier has \$3.5 million operating revenue in 2019, the formula would be [\$3.5 million × [136.73 (1994 average PPI) / 207.34 (current year's average PPI)] = \$2.3 million (adjusted annual operating revenue)]. Thus, the equivalent of \$3.5 million in revenue in 2019 is \$2.3 million in 1994 dollars. In this example, the carrier would not have to submit Form M because it does not meet the \$3 million threshold.

FMCSA received 66 forms in 2016, 49 in 2017, and 13 in 2018. Thus, on average, FMCSA expects to receive 43 forms per year in 2019, 2020 and 2021 (66 forms in 2016 + 49 forms in 2017 + 13 forms in 2018 = 128 / 3 years = 42.7 forms per year).

FMCSA estimates that each carrier will spend an average of 9 hours completing Form M, resulting in a total of 387 burden hours per year (43 respondents × 9 hours per response) for all carriers required to submit the form.

FMCSA expects completion and submission of Form M to be performed by an accountant designated by the motor carrier business entity. The median salary of an accountant in the truck transportation industry is \$30.52 per hour.² To arrive at a loaded wage, we first

¹ Total revenue for all classes include interstate and intrastate revenue.

² Bureau of Labor Statistics (2019). "Occupational Employment and Wages, May 2018, NAICS 484000 – Truck Transportation." Available at https://www.bls.gov/oes/current/naics3_484000.htm (accessed November 3, 2019).

estimated a load factor of 1.43 by dividing the total cost of compensation for private industry workers of the trade, transportation, and utilities industry (\$28.79) by the median cost of hourly wages and salaries (\$20.20) as reported by the Bureau of Labor Statistics in its Employer Costs for Employee Compensation for June 2019.³ Multiplying the median hourly wage by the load factor results in a loaded hourly wage of \$46.48 ($\$32.50 \times 1.43 = \46.48). Table 1 summarizes the estimated number of respondents, responses, burden hours, and labor costs to industry, using the estimates provided above.

Table 1. Information Collection 1: Estimated Form M respondents, responses, burden hours, and labor costs by year, for calendar years 2020-22.

Year	Number of Respondents (a)	Number of Responses (a × 1 = b)	Average Burden Hours per Response (c)	Total Burden Hours (b × c = d)	Loaded Hourly Wage (e)	Total Labor Costs (d × e)
2020	43	43	9	387	\$46.48	\$17,988
2021	43	43	9	387	\$46.48	\$17,988
2022	43	43	9	387	\$46.48	\$17,988
Total	129	129	27	1,161	—	\$53,964
<i>Annual (rounded)</i>	43	43	9	387	\$46.48	\$17,988

Information Collection 1, Form M

Estimated Number of Annual Respondents: 43

Estimated Number of Annual Responses: 43 [43 respondents × 1 response per form].

Estimated Total Annual Burden Hours: 387 hours [1,161 total burden hours / 3 years = 387 burden hours].

Estimated Total Labor Costs to Industry: \$53,964 [\$17,988 per year × 3 years = \$53,964].

Estimated Annual Labor Costs to Industry: \$17,988

Information Collection 2: For-hire Non-exempt Motor Carriers of Passengers (Form MP-1)

FMCSA has two classifications for non-exempt for-hire motor carriers of passengers (Form MP-1). Class I carriers have annual operating revenues of \$5 million or more,⁴ and Class II carriers have annual operating revenues of less than \$5 million. FMCSA requires motor carriers with operating revenues of more than \$5 million to submit Form MP-1 on an annual basis. Because the \$5 million threshold was implemented in 1986, carriers must adjust their operating revenue threshold by using the following formula: [Current year's annual operating revenue × (1986 average PPI / current year's average PPI) = adjusted annual operating revenues]. For example, if a carrier had a \$5.5 million operating revenue in 2019, the formula would be [\$5.5 million × [110.12 (1986 average PPI) / 207.34 (current year's average PPI)] = \$2.9 million (adjusted annual operating revenue)]. Thus, the equivalent of \$5.5 million in revenue in 2019 is \$2.9 million in 1986 dollars. In this example, the carrier would not have to submit Form MP-1 because it does not meet the \$5 million threshold.

See Occupation Code: 13-2011, *Accountants and Auditors*.

³ Bureau of Labor Statistics (2019). "Table 4. Employer Costs for Employee Compensation for private industry workers by occupational and industry group, June 2019." Available at <https://www.bls.gov/news.release/eccec.t10.htm><https://www.bls.gov/news.release/pdf/eccec.pdf> (accessed November 3, 2019).

⁴ Total revenue for all classes include interstate and intrastate revenue.

FMCSA did not receive any Form MP-1 submissions between 2016 and 2018, and the Agency does not expect to receive any Form MP-1 submissions during the upcoming three-year information collection period. Therefore, the Agency estimates that there will be zero (0) respondents, zero (0) responses, zero (0) burden hours, and zero (0) labor costs associated with information collection 2 during the three-year information collection period.

Information Collection 2 Summary

Estimated Number of Annual Respondents: 0.

Estimated Number of Annual Responses: 0.

Estimated Total Annual Burden Hours: 0 [0 total burden hours / 3 years = 0].

13. ESTIMATE OF TOTAL ANNUAL COST TO RESPONDENTS

In addition to the labor costs summarized in Item 12, above, FMCSA conservatively adds the cost of mail for the 43 Form M forms received annually, noting that electronic submission is available. FMCSA estimates a flat cost of \$1.00 for an envelope and postage. FMCSA thus estimates the total cost of an envelope and postage for motor carriers mailing Form M to be \$43 ($\1.00×43 forms). Because FMCSA anticipates 0 (zero) Form MP-1 submissions during the information collection period, there are zero mailing costs associated with Form MP-1.

Information Collection 1 (Form M) Summary

Estimated Total Annual Cost to Respondents: \$18,031 [$\$17,988 + \$43 = \$18,031$].

Information Collection 2 (Form MP-1) Summary

Estimated Total Annual Cost to Respondents: \$0 [$\$0 + \$0 = \0].

14. ESTIMATE OF COST TO THE FEDERAL GOVERNMENT

The estimated annual cost to the Federal Government for processing Form M is \$74 (43 forms $\times 4$ minutes per form $\div 60$ minutes per hour = 2.87 hours. 2.87 hours $\times \$25.71 = \73.79). This \$25.71 per hour figure includes salary cost based on hours, overhead, printing, and payment to contractors. The Contracting Officer's Representative's role is minimal and has no impact on the cost to the Government.

The estimated total annual cost to the Federal Government for processing Form MP-1 is \$0, as FMCSA does not expect any carriers to submit Form MP-1 during the three-year information collection period.

Information Collection 1 (Form M) Summary

Estimated Total Annual Cost to Federal Government: \$ 74 [2.87 hours $\times \$25.71 = \73.79].

Information Collection 2 (Form MP-1) Summary

Estimated Total Annual Cost to Respondents: \$0 [0 hours $\times \$25.71 = \0].

15. EXPLANATION OF PROGRAM CHANGES OR ADJUSTMENTS

Collection 1 (Form M)

Respondents: The estimated annual respondents for Form M decreased from 96 in the currently approved ICR to 43 in the proposed ICR. A decrease of 53 annual respondents.

Burden Hours: The estimated annual burden hours for Form M decreased from 864 in the currently approved hours to 387 proposed hours. A decrease of 477 annual burden hours.

Respondent Burden Costs: The burden costs to the industry have decreased by \$20,780, annually [\$38,811 in the currently approved burden cost – \$18,031 in the proposed burden cost = \$20,780].

Federal Costs: The federal burden costs have decreased by \$91 annually [\$165 in the currently approved federal burden cost – \$74 in the proposed burden cost = \$91].

The reason for these decreases is due to the decreased in the number of Form M submissions received by FMCSA between 2016 and 2018.

Collection 2 (Form MP-1)

Respondents: The estimated annual respondents for Form MP-1 decreased from two (2) in the currently approved ICR to zero (0) in the proposed ICR. A decrease of two (2) respondents.

Respondent Burden Hours: The estimated annual burden hours for Form MP-1 decreased from one (1) in the currently approved hours to zero (0) in the proposed hours. A decrease of 1 annual burden hour.

Respondent Burden Costs: The burden costs to the industry have decreased by \$59 annually [\$59 in the currently approved burden cost – \$0 in the proposed burden cost = \$59].

Federal Costs: The federal burden costs have decreased by \$2 annually [\$2 in the currently approved federal burden cost – \$0 in the proposed burden cost = \$2].

The reason for these decreases is due to the decreased in the number of Form MP-1 submissions received by FMCSA between 2016 and 2018.

16. PUBLICATION OF RESULTS OF DATA COLLECTION

FMCSA is required by Federal law to make the collected Form M and Form MP-1 data publicly available subject to the exemption described in Item 2 above. There are no plans at this time for the Agency to publish analytical reports.

17. APPROVAL FOR NOT DISPLAYING THE EXEMPTION DATE OF OMB APPROVAL

The FMCSA is not seeking approval to not display the expiration date of the OMB approval number.

18. EXCEPTIONS TO CERTIFICATION STATEMENT

None.

ATTACHMENTS

A. 49 U.S.C. 14123, Financial Reporting.

- B. Reports of Motor Carriers; Redesignation of Regulations Pursuant to the ICC Termination Act of 199, September 30, 1998 (63 FR 52192).
- C. Title 49 CFR Part 1420, Reports of Motor Carriers, October 1, 1998.
- D. F&OS program from BTS to FMCSA (69 FR 51009), August 17, 2004.
- E. Redesignation of Regulations, (71 FR 45740), August 10, 2006.
- F. Annual reports of Class I carriers of passengers, 49 CFR 369.4.
- G. 60-day FR, (82 FR 14103), March 16, 2017.
- H. 30-day FR, (82 FR 35027), July 27, 2017.
- I. 60-day FR, (83 FR 17894), April 24, 2018
- J. 30-day FR, (83 FR 66836), December 27, 2018.