

Policy Category: 3 (Depository)  
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## Fee Change Recommendation Policy

1. **Purpose:** The purpose for the Unified Carrier Registration Plan (“UCR”) Fee Change Recommendation Policy is to:
  - a. Position UCR to begin the registration year on October 1 of the year preceding the registration year whereby a fee change recommendation is planned.
  - b. To the extent within our control, provide a high level of certainty to industry and participating states that the registration year will begin at a consistent time every year for their administrative, regulatory and budget planning purposes.
  - c. Ensure to regulatory bodies charged with enforcement of UCR that such enforcement may begin on January 1 of the registration year so as to maximize the level of certainty and confidence such bodies will have in enforcing the requirements of the UCR Act and the UCR Agreement.
  - d. Provide FMCSA with the information it needs to timely initiate, conduct, and complete a fee rulemaking prior to October 1 in order to timely start the 3-month renewal period for the next registration year.
  - e. Define the requirements regarding duties and responsibilities, schedule of completion dates and the methodology to be used in determining fee change calculations.
2. **Scope:** This policy applies to all members of the UCR Board of Directors, members of the Finance Subcommittee and any contractors engaged by the Board to provide service(s) in connection with any part of the fee change recommendation process.
3. **Background:**
  - a. UCR fees shall be set by the Secretary of the U.S. Department of Transportation based upon the recommendation of the UCR Board in accordance with 49 U.S.C. § 14504a(d)(7) and (f)(1)(B). Additionally, the Board may ask the Secretary to adjust the fees within a reasonable range on an annual basis per 49 U.S.C. § 14504a(f)(1)(E). Responsibility for carrying out the Secretary’s functions under the statute has been delegated to the Federal Motor Carrier Safety Administration (FMCSA).
  - b. Historically, the annual fee levels did not change for each of the Registration years from 2010 through 2017. Additionally, the administrative cost allowance needed to operate the UCR Plan and Agreement did not change for each of the

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Registration years from 2010 through 2018. The administrative cost allowance was adjusted for the first time for the 2019 registration year.

- c. The UCR Board recommended that fees for the 2018 registration year be changed to a lower level. A new, lower fee level was set based on a final rule issued by the Federal Motor Carrier Safety Administration (“FMCSA”) on January 5, 2018.
  - d. The UCR Board recommended both a fee change and an administrative cost change for the 2019 and 2020 registration years. The FMCSA set the fees for both the 2019 and 2020 registration years based on in separate final rules issued on December 28, 2018 and February 13, 2020, respectively.
  - e. All 3 years fee changes from the 2018 registration year through the 2020 registration year were issued by the FMCSA after the desired start date of the registration year of October 1 of the preceding year.
  - f. The actual number of days between the initial fee change recommendation issued by the UCR Board to the Secretary, and the final rule issued by the FMCSA required a total number of days ranging from 289 days (9.5 months) to 353 days (11.6 months).
  - g. The delays experienced in the start of the registration year have caused confusion and uncertainty to industry, participating states and law enforcement. As a result of this confusion and uncertainty, the UCR Board finds it appropriate to issue this policy as further stated below.
4. Duties and Responsibilities:
- a. UCR Board of Directors - The Unified Carrier Registration Act of 2005 states, in 49 U.S.C. § 14504a(f)(1)(E)(I)-(ii), that the Board may ask the Secretary to adjust the fees within a reasonable range on an annual basis if the revenues derived from the fees-
    - i. Are insufficient to provide the revenues to which the States are entitled;  
or
    - ii. Exceed those revenues
  - b. UCR Finance Subcommittee – The Board has delegated to the Finance Subcommittee the duties of ensuring that fee change recommendations are duly brought before the Board for review and consideration on a timely basis, of ensuring systems are in place to ensure the proper capture and analysis of

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financial data, both historical and prospective, to enable an accurate fee change calculation and to have limited oversight of contractors that may be engaged for this purpose.

- c. Contractors – UCR Board may engage the service(s) of outside contractors to manage or assist with the development of a fee change recommendation. Under the oversight of the UCR Board and Finance Subcommittee, contractors may supply any range of service(s) duly contracted for by the UCR Board, including from the management of fee change calculations, to preparing necessary documents, schedules and other criteria requested by the Board, to enable the Board to assess and make a reasonable determination on the need for a fee change recommendation and the appropriateness and accuracy of those calculations. Contractors may also be engaged to draft the written recommendation of a fee change to the Secretary, including supporting documentation. The contractor managing the operations of the UCR Depository will typically be responsible for most contracted services regarding the fee change recommendation process. In all instances, contractors are required to comply fully with this Fee Change Recommendation Policy.

#### 5. Schedule of Completion Dates:

- a. Based on the 3-year experience rate from the 2018 through 2020 fee change processes, the UCR Board is establishing September 1, thirteen (13) months prior to the start of the registration year, as the latest date for issuance of a fee change recommendation from the Board to the Secretary.
- b. Such fee change recommendation would, when adopted by FMCSA, become effective on October 1 of the following year for the next subsequent registration year or as soon thereafter as possible.
- c. To meet the September 1 issuance date referred to above, the UCR Board shall vote at a duly called Board meeting to accept the recommendation and approve it for transmission to the Secretary. Accordingly, the Chair of the UCR Board shall call a meeting of the Board on an appropriate date every August to allow the Board to review, discuss and deliberate on a fee recommendation, or to determine if no fee change is required, for the next available registration year starting after January 1 of the next year.
- d. The Chair of the UCR Board shall duly call a meeting of the Finance Subcommittee, with input from the Chair of the Finance Subcommittee, to occur no later than 21 days before the annual August UCR Board meeting.

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- e. Contractors and other personnel will be responsible to deliver appropriate guidance regarding the likelihood of a need for a fee change for a future registration year to the Finance Subcommittee based on direction and schedules the subcommittee may require. However, the Finance Subcommittee must complete this work with contractors to support the required meeting dates of the Finance Subcommittee and the UCR Board as previously outlined.

#### 6. Fee Change Calculations Methodology:

- a. For purposes of charging fees, the UCR Board elected to implement 6 brackets of carriers based on the size of fleet as provided in 49 U.S.C. § 14504a(f)(1)(C).
- b. For purposes of monitoring the appropriateness of the fee structure, and to help assess a potential need to recommend an adjustment to the fees, the Depository maintains schedules that look at historical collection data, prospective estimates of fee collections by month through the end of the current registration year, and an estimate of administrative costs required (the "fee analysis").
- c. The fee analysis is based on:
  - i. Historical fee collections calculated on an actual basis from the start of the registration year through the most recently completed full month for which the collections data has been summarized and closed out based on data from the National Registration System ("NRS") and which has been fully reconciled with the UCR bank account.
  - ii. Estimates of all future months remaining in the registration year are based on an analysis of the collections in each of the 3 most recently closed registration years for the same equivalent future months remaining in the current year. The fees collected for these months from each of the individual past 3 years are compared to each other to determine which year produced the lowest amount of fees for the equivalent months. This amount is then used as the projection for the equivalent future months remaining in the current year. If the 3 years have different fee levels, the collection totals will be adjusted to account for the differences in fee levels.
  - iii. An estimate of administrative costs needed to operate the UCR Plan during the year for which a fee change recommendation is made by the Board. To accomplish this, the Depository maintains 3 years of budgets of the estimated administrative costs needed to operate the UCR Plan, including the current registration year and the following 2 future years. This additional money is governed by the requirement under 49 U.S.C. § 14504a(h)(3) that administrative costs may only be paid after all states have paid the amounts they are entitled to. In a year where collections are sufficient to make the states whole, but insufficient to pay administrative costs, the shortfall would cause significant hardship to UCR unless additional money were available to make up the deficit.

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- d. Because of the time needed to effectuate a fee change, the Depository monitors the current registration year fee levels for the purpose of potentially making a fee change recommendation for the 2<sup>nd</sup> future registration year. Therefore, the fee analysis in an even year (i.e. 2020) will be used to potentially change the fees for the next future even year (i.e. 2022) and likewise, the fee analysis in an odd year (i.e. 2021) will be used to potentially change the fees for the next future odd year (i.e. 2023).
- e. If FMCSA publishes a proposed fee prior to March 1 of the year in which the proposed fee is to take effect, the UCR Board Chair may direct the Chair of the Finance Subcommittee to file a comment with FMCSA updating the Board's recommendation to account for differences in actual versus projected collections. If FMCSA publishes the proposed rule on March 1 or later of the year in which the proposed fee is to take effect, any difference between actual and projected collections will be reflected in the next subsequent fee recommendation from the Board.