UCR HANDBOOK

Approved by the Board of Directors of the Unified Carrier Registration Plan
Effective October 8, 2020

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Introduction

This **UCR Handbook** is intended to provide authoritative guidance on the Unified Carrier Registration program, both for the states that participate in the program and for the transportation businesses that are subject to its requirements. The Handbook is published by the UCR Board of Directors, the governing body of the UCR program. The Handbook replaces and supersedes the Board's earlier publication, *The Unified Carrier Registration Act of 2005: Informal Guidance for Interested Parties*. Unlike the earlier *Informal Guidance* (often referred to as The UCR Q&A) ***the Handbook has been formally adopted by the UCR Board as authoritative and binding on the participating states*** – and therefore indirectly on the businesses subject to UCR as well. That is, the Handbook, subject to the provisions of federal statute and regulation and to future decisions and promulgations by the Board, is the law of the UCR program.

The UCR Program

The Unified Carrier Registration program is unusual. It is essentially a state revenue program, but it is established under federal law. Unlike such state programs as the International Registration Plan and International Fuel Tax Agreement, in which the member jurisdictions, acting collectively, set the policies of those two organizations, UCR policies are determined (to the extent not set out in federal law) by a governing board that consists of representatives of participating states, but also of private industry and the federal government. While the fees and taxes imposed under IRP and IFTA are determined by the individual states, the fees charged under the UCR program are uniform across all the participating states and are set by the U.S. Secretary of Transportation upon the recommendation of the UCR Board.

Notwithstanding these features, the UCR program in many respects resembles the other state tax programs. Like IRP and IFTA, the UCR is a base-state program; that is, every business subject to UCR requirements deals for UCR purposes only with the state in which it is based – commonly the state in which the business has its principal place of business. Interstate motor carriers of nearly every type are subject to UCR, as are interstate transportation brokers and freight forwarders, and companies that lease or rent rolling stock to interstate carriers.

Each entity subject to UCR is required to register annually with its base state and to pay an annual fee. The fees imposed on motor carriers and freight forwarders -- businesses that operate motor vehicles – are graduated through a system of brackets, based on the number of vehicles they have operated; brokers and leasing companies, which operate no vehicles themselves, pay a fee at the level that applies to the smallest motor carriers. No UCR credential is issued to a UCR registrant; enforcement is accomplished through on-line data checks and various types of audit.

A further unusual feature of the UCR program is its limitation on the revenue that is collected and the manner in which collections are distributed among the states.

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Organization of the Handbook

As the reader may see from the Handbook's table of contents, the publication is divided into a number of sections, covering in turn the basic organization of the UCR program, the participating states and what they may do and what they may not do under the terms of the federal authorizing statute, the description of the various types of business subject to UCR requirements, and the process involved in UCR registration and the payment of the UCR fees. All of these sections cover the more straightforward of the features of the UCR program.

There follow, however, sections on how the UCR requirements may affect certain specific types of operation and how a motor carrier or freight forwarder is to determine the size of its fleet for UCR purposes. These subjects are more complicated, and these sections are correspondingly more detailed. The UCR Board believes that it is the guidance provided in these sections that will be of the most assistance, both to the states participating in the UCR program and to the various types of transportation businesses that are subject to its requirements. The Handbook winds up with a description of how the level of the UCR fees is set and how the revenues are allocated among the participating states. Each section is headed by a very short summary of its contents.

Other Sources of Information

The Handbook does not cover all topics concerning UCR. For more information, the reader is directed primarily to:

> The Unified Carrier Registration Act, 49 U.S. Code section 14/504a
>
> The UCR Agreement, on-line at: https://plan.ucr.gov/wp-content/uploads/2020/10/UCR-Agreement-updates-October2020.pdf.
>
> A great deal more information on the UCR program generally may be found on-line at the link directly above and at https://plan.ucr.gov/.

A Note on Terminology

For readability, the Handbook has avoided the continual repetition of technical references and uses some abbreviations. The employment of both, however, is consistent throughout the Handbook. UCR, of course, stands for Unified Carrier Registration; Board or the UCR Board for the Unified Carrier Registration Board of Directors; the Act for the Unified Carrier Registration Act, cited above; DOT or U.S. DOT for the United States Department of Transportation; FMCSA for the Federal Motor Carrier Safety Administration, which is a part of the DOT; and IRP and IFTA for the International Registration Plan and International Fuel Tax Agreement, respectively.

Where the terms "motor carrier" or "carrier" are used without a qualifying adjective, it is to be understood as referring to all such carriers, whether for-hire, private (that is, hauling their own goods), or exempt, and whether they are carriers of property or of passengers. (It might be noted in this connection, however, that private passenger carriers are not subject to UCR requirements.)

The meaning here of the terms "interstate" and "interstate commerce," and of their contraries, "intrastate" and "intrastate commerce," is discussed in a separate section in the Handbook devoted to those topics.

Caution

As noted above, the Handbook supersedes the Board's earlier publication, *The Unified Carrier Registration Act of 2005: Informal Guidance for Interested Parties*. That publication is no longer to be relied on. Moreover, it is expected that future decisions of the UCR Board, along with any future promulgation of regulations by the Board will be incorporated into revisions of the Handbook. The reader should be sure that he or she is using the latest version.

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UCR: The Foundations of the Program

This section reviews the statutory basis for the Unified Carrier Registration program, and the authority by which the UCR Board of Directors administers it. The UCR Act, noted below, holds more details on most of these subjects. A note is added here resolving confusion between UCR and an unrelated federal program, URS.

The UCR Act: Federal Statutory Authority for UCR

Unified Carrier Registration, or UCR, is authorized under federal statute, the Unified Carrier Registration Act, which is to be found at Title 49 of the U.S. Code, section 14504a. This law was enacted by Congress in 2005, and was amended in 2008.

The Act provides for the UCR Agreement, the UCR Plan, and for a UCR Board of Directors to administer and oversee the UCR program.

UCR Agreement

The UCR Agreement is a document created by the UCR Board that sets out the basic framework of the UCR program under the Act.

UCR Plan

The UCR Plan refers to the organization of state, industry, and federal representatives, including the UCR Board, who are responsible for devising, implementing, and administering the UCR program.

UCR Board of Directors

The UCR Act establishes and then details the membership, operation, and function of the UCR Board of Directors. Briefly, the Board has fifteen members, appointed by the U.S. Secretary of Transportation for terms of three years. Nine are state officials representing agencies charged with the administration of the UCR program in their respective states. Five are industry representatives. The remaining member is the Deputy Administrator of the Federal Motor Carrier Safety Administration or another U.S. DOT official appointed by the Secretary. Directors may be reappointed to the Board indefinitely.

UCR Governance

The Secretary selects a chair and a vice chair for the Board, who retain these positions during their terms on the Board. The Act gives the Board of Directors broad powers to administer the UCR program.

For those familiar with the International Registration Plan and the International Fuel Tax Agreement, which have certain features in common with the UCR program, it may be worth noting an important distinction. Both IRP and IFTA have a board to conduct the business of their respective repository corporations and to coordinate their respective policies. However, both IRP and IFTA are ultimately governed by their member jurisdictions, that is, the U.S. states and the Canadian provinces, which may amend the terms of the agreements. While U.S. federal law effectively requires states to join IRP and IFTA, neither organization is provided for by U.S. federal law, and neither includes a role for the U.S. or Canadian federal governments.

UCR, on the other hand, is provided for by U.S. federal law (there is no Canadian government participation in UCR at any level), which also sets up the framework of the UCR program. States may but are not required to participate in the program, and thereby derive revenues from it, *but do not, merely as participants, have any role in the governance of UCR*. UCR governance is delegated by the Act entirely to the UCR Board of Directors, which, as noted, has a mixed representation of state and U.S. federal governments and industry. The UCR Board, rather than the participating states, has the authority to make and amend, within the limits of the Act, the rules and regulations under which the UCR program operates.

UCR Is Not URS

This may be the place to resolve the frequent confusion of UCR with URS, the Unified Registration System. The latter term designates a carrier registration and information system being implemented by FMCSA, and, despite the similarity in the names, has nothing to do with the UCR program.

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UCR's Restrictions on States

The UCR Act permits states to derive revenues from fees imposed specifically on interstate motor carriers and other interstate transportation entities. However, the Act also restricts state authority in certain respects, which are summarized in this section. There is a note here as well on motor carrier insurance under UCR. More detail on this complex subject may be found in the Act itself. See also the section below on the definition of interstate commerce that applies to the UCR program.

UCR's Restrictions on State Authority

The UCR Act includes a number of restrictions on state powers to regulate or tax motor carriers. The restrictions apply both to those states that participate in the UCR program and to those that do not. The restrictions take the form of federal preemption of a state's authority to do certain things that Congress specifically declares in the Act to constitute violations of the Commerce Clause of the U.S. Constitution.

Under the Act:

(1) A state may not impose any requirement, including the payment of a tax or fee, on an interstate carrier with regard to:

(a) the registration of the carrier's interstate operations with the state,

(b) the carrier's financial responsibility (that is, its insurance) covering its interstate operations, or

(c) the carrier's designation for its interstate operations of an agent for service of process.

Under the programs that preceded UCR (the Single-State Registration System and the so-called Bingo Stamp Program), states had been permitted by federal law to impose requirements on and collect fees from interstate carriers with respect to such filings, which continue to be required of interstate carriers by federal regulation.

(2) A state may not require an interstate carrier that also holds intrastate authority from that state to periodically renew its intrastate authority or any insurance filings connected with holding that authority.

The Act distinguishes between requirements (including a fee requirement) that a state may impose on an interstate motor carrier when it *initially* applies for intrastate operating authority, and requirements for the *renewal* of that authority. A state *may* impose various requirements for an initial application for intrastate authority, including fees. For the renewal of intrastate authority, however, a state may *not* impose on a motor carrier any application requirements or fees, if the carrier is properly registered with FMCSA.

The Act makes an exception to this preemption for two areas of transportation for which state economic regulation has not been preempted by federal statute: (a) the household goods moving industry, and (b) nonconsensual towing operations. A state may therefore impose requirements or fees for the renewal of the intrastate authority of companies involved in nonconsensual towing and of carriers, brokers, and freight forwarders involved with movements of household goods, even if these entities also hold interstate authority.

(3) A state may not impose on a carrier that holds both interstate and intrastate authority any fee or tax (except a fee imposed under the UCR program) from which a carrier that holds only intrastate authority is exempt.

Areas of State Authority Unaffected by the Act

The Act specifically says that the restrictions above do not affect a state's ability to set the level of vehicle registration fees or the rate of a fuel use tax administered under IFTA. Other state taxes and fees on motor carriers are similarly unaffected by the Act.

More generally, the Act does not restrict a state's authority to regulate carriers that operate solely intrastate, and that do not operate at all in interstate commerce.

Financial Responsibility & UCR

Under the Act, a state may require a carrier to file proof that it meets the required financial responsibility requirements covering its intrastate operations, whether by an arrangement for liability insurance or by surety bond, as part of the carrier's *initial* application for intrastate authority - but the state may *not* impose any such requirement on the carrier thereafter with respect to the renewal of such authority.

However, a state may require the insurance company or surety company providing a carrier's coverage to notify the state when the coverage is cancelled or is not renewed. Moreover, nothing in the Act prohibits a state from verifying at any time that a carrier's insurance coverage does in fact meet the state's requirements, nor from revoking or suspending a carrier's intrastate authority or requiring a carrier to make an updated insurance filing if the state determines that the carrier's insurance coverage does not meet the state's requirements.

Nor does the Act affect the ability of a state to enforce its laws requiring liability coverage for a vehicle operating on the state's roads. If an interstate motor carrier is found to be operating in a state without insurance coverage, the state may take enforcement action against that carrier.

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States Participating in UCR

Not all states participate in UCR. This section identifies those that do and do not, and summarizes the rules for UCR participation by a state. See the section on Distributing UCR Fees for details on how the participating states share in the UCR revenues.

State Election to Participate

In order to participate in the UCR program, a state was required by the Act to file an election with the Secretary of Transportation within three years after the Act became law, a deadline that occurred in August 2008. Any state that did not make an election by that time is barred from joining UCR afterwards. A state that made an election to participate may drop out of the program, but may not then rejoin it later.

States Participating in UCR

A state is not required to take part in the UCR program, and not all states do. The states that do *not* participate in UCR are:

Arizona	Maryland	Oregon
Florida	Nevada	Vermont
Hawaii	New Jersey	Wyoming

Nor does the District of Columbia participate. The remaining 41 states are all UCR participants, deriving some revenue from the program.

Unlike IRP and IFTA, foreign units of government, such as the Canadian provinces, and the U.S. territories, are *not* eligible to participate in UCR.

It should be emphasized that interstate carriers and other transportation businesses will typically still be subject to UCR fees even though they are based in a nonparticipating state, a U.S. territory, or a foreign country.

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Businesses Subject to UCR

UCR may commonly be regarded as a program for interstate motor carriers, but it's broader than that, and encompasses several other categories of transportation businesses. This section identifies those businesses, and provides some details. In addition, UCR's rules for a business that is registered with U.S. DOT to perform more than one transportation function are covered here. See the next section for the definition of "interstate" applicable to UCR, and the sections on Calculating UCR Fees for details on what types of transportation operations and vehicles are included under UCR.

Categories of Operation Subject to UCR

The following categories of operation are subject to the fees and other rules imposed under the UCR program, *provided they operate in interstate commerce in the United States*:

> Motor carriers of property, both for-hire and private, whether or not they are considered exempt carriers for purposes of federal regulation;
>
> For-hire passenger motor carriers;
>
> Freight forwarders;
>
> Brokers; and
>
> Leasing companies that lease vehicles without drivers to interstate motor carriers or freight forwarders.

This encompasses carriers, freight forwarders, brokers, and leasing companies operating interstate in the U.S., no matter where they are based, whether in a participating or nonparticipating state, in a territory of the United States, or in a foreign country.

It should be noted that *private carriers of passengers* are not included in the categories subject to UCR.

Private passenger carriers is a category defined somewhat narrowly. It does not include commercial entities such as hotels, who provide shuttle service for their customers ancillary to their primary business. Nor would it include a children's camp that provides shuttle service to and from the camp for the children, where there might be no separate charge, but where the camp recovers the cost through the overall fees for the camp. Such operations are considered for-hire transportation. On the other hand, a business that solely carries its own employees without direct or indirect charge to them, is not considered a for-hire carrier by virtue of such a service.

There is one other excepted group: The Act exempts from UCR all motor carriers that operate solely within Hawaii, except those involved in moving household goods for individual shippers.

The Act also provides that the UCR Board may exempt any other category of motor carrier, but the Board has not done so. (For a special case, see Specific Business Types, below, under School Buses.)

As a *general* rule, all transportation operations involved in *interstate* commerce that are required to register with FMCSA and obtain a U.S. DOT number – whether or not they have actually registered and received a DOT number – are subject to UCR. As noted, businesses that are not engaged in interstate commerce are not subject to UCR. However, about two-thirds of the states require their *intrastate* carriers to register with U.S. DOT-- as intrastate carriers—and obtain a DOT number. (Among other things, this requirement assists state enforcement in safety inspections of such carriers.) The DOT numbers issued to intrastate carriers are not distinguishable from those issued to interstate carriers. Again, though, if a business does not engage in interstate commerce, it is not subject to UCR. (Although the Act provides that a state participating in the UCR program may require its own intrastate carriers to be subject to UCR, no state has done so.)

This includes purely *intrastate* carriers that haul hazardous materials in such quantities that the carriers are required to register with FMCSA and obtain a DOT number. Such carriers, because they do not operate in interstate commerce, are not subject to the UCR program.

Leasing Companies

Leasing companies as defined for purposes of the UCR – that is, entities that are in the business of leasing or renting motor vehicles without drivers to interstate motor carriers or freight forwarders, are not required to register with U.S. DOT and obtain a DOT number, if they do not operate any vehicles. Such leasing companies are still subject to UCR, however.

FMCSA considers a leasing company that makes interstate movements of any of its vehicles from place to place over the highway – for its own reasons or for the convenience of a customer, for example – to be a private motor carrier of property that is required to register and obtain a DOT number. However, for purposes of the UCR program, a business that otherwise falls into the leasing company category does *not* become a carrier merely because it repositions its own vehicles, even across state lines.

Entities Performing More Than One Function

Many transportation businesses are registered with U.S. DOT to perform more than one transportation function; the most common instance is probably an entity that is both a motor carrier and a transportation broker, though other combinations exist. The way such businesses are organized also varies. Sometimes multiple DOT authorities are held by a single legal entity, and sometimes by separate affiliated companies in a corporate family.

For purposes of UCR registration:

If a *single legal entity* holds more than one DOT number, representing different transportation functions – such as motor carrier and broker – the entity combines the two in a single UCR registration.

As has been noted, and as explained in detail in the section on the calculation of UCR fees, motor carriers and freight forwarders pay UCR fees according to the number of vehicles they operate, while brokers and leasing companies – which operate no vehicles – pay the lowest level of fee. Where a single entity holds DOT numbers representing different functions, it must register for UCR as the function – as a motor carrier, most commonly – that will be liable for the *highest* of fees applicable to the functions it holds. A business that performs multiple functions through multiple DOT numbers, that is, may *not* register so as to escape paying the fee appropriate to the number of vehicles it operates.

If on the other hand a business is structured so that multiple DOT numbers are held by *more than one legal entity*, each of those separate legal entities must register separately for UCR, and pay a separate UCR fee. If, for example, one corporation in a family of companies is a leasing company, another conducts brokerage operations, and a third is a trucking company, each one of these companies not only has to have a separate U.S. DOT number, but each is subject to UCR separately, and each must register annually with its UCR base state and pay the appropriate fee.

Businesses Operating More Than One Motor Carrier

Trucking businesses may operate more than one fleet, under different fleet names and separate DOT numbers. Where this is the case, the business must register each carrier separately for UCR, and calculate the fee of each one separately, taking into account all of the vehicles operated under that fleet's DOT number. If those fleets interchange vehicles – that is, for instance, a given truck sometimes operates as a part of the business's Fleet A and sometimes as a part of the business's Fleet B – this requirement may mean that a vehicle is counted toward more than one fleet's fee. In this example, such vehicles must be counted as operated by *both* Fleets A and B when the business calculates its UCR fees. See also the sections on Calculating UCR Fees.

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Interstate Commerce Defined

Interstate Commerce is a concept that's critical to the UCR program, since it tends to distinguish those businesses that are subject to UCR from those that are not. This section explains in summary what "interstate commerce" means in this connection.

The Definition of Interstate Commerce

For purposes of the UCR program, the definition of the terms "interstate" or "interstate commerce" is broad, and follows the definitions of those concepts as they have been developed by U.S. federal law and rulings of the U.S. DOT and the former Interstate Commerce Commission. In general, interstate or interstate commerce refers to the movement of goods or passengers across state lines or across the borders of the United States. This includes all movements of goods or passengers across state or national boundaries, but also a movement *entirely within a state*, when that movement is the *beginning or continuation* of a movement across a state or national border. For instance, nearly all *intermodal* drayage movements by truck are considered to be interstate in nature, though the truck portion of such a movement may not cross any state line.

The determination whether a movement is interstate goes to the intent of the shipper of freight or of the passenger being moved. Although this is an objective determination, to be made according to the circumstances of each case, it can on occasion be difficult.

The performance of *any* interstate movement makes a motor carrier, freight forwarder, or broker involved in it subject to the authority of the US DOT and – generally – subject to UCR requirements as well.

For purposes of the UCR, movements that are wholly within one state *and* that are not interstate are intrastate.

It might be noted that the definition of interstate for UCR purposes is broader than that employed in dealing with IRP and IFTA. In those two agreements, "interstate" refers solely to movements of vehicles across state or international borders. For this reason, many motor carriers which are not required to register their vehicles under IRP or report their operations through IFTA may still be subject to requirements of the UCR program.

Moreover, although many interstate carriers operate vehicles that never cross a state line, if those vehicles ever carry *interstate freight or passengers*, those vehicles are considered to be *interstate* for purposes of UCR. There are many instances of this in the trucking industry, with two of the major ones being drayage haulers who take intermodal containers to and from a port, and agricultural haulers who carry farm produce to a railhead or barge terminal. But vehicles involved in the in-state continuation of interstate shipments are also in interstate commerce.

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UCR Registration & Paying UCR Fees

This section provides details on how those subject to the requirements of UCR can fulfill their obligations under the program; that is, briefly, the obligation to register annually and to pay the appropriate yearly UCR fee. There is a note at the end of the section on the methods the participating states use to enforce the UCR requirements. For details on how to calculate the fee for a given transportation operation, see the sections below on Calculating UCR Fees.

Obligations of Those Subject to UCR

Every entity subject to UCR is required to register annually with its base state and pay an annual fee to that state.

Single, Annual Registration

UCR requires only a single registration per year. If a carrier that has registered for UCR for a given year adds more vehicles during the course of that year, it is not required to file an amended or supplementary registration and report those vehicles.

No Pro-rated Fees

The fees imposed by UCR are the same for a year *or for part of a year*. They are not pro-rated. If a business commences during a year, even toward the end of the year, it still owes a full UCR fee for that year. In the same way, if a UCR registrant goes out of business during a year, or only operates seasonally, there is no provision for a refund for the months it does not operate.

No UCR Trip Permits

States offer trip permits at reduced rates covering vehicle registration fees and fuel use reporting requirements for motor carriers that travel interstate only infrequently, but UCR offers no such arrangements. Interstate operations by a transportation business, whether or not it holds proper authority from the U.S. DOT, incur the full annual UCR fee appropriate to that business.

A Registrant's Base State

Entities that are subject to the requirements of the UCR program (other than leasing companies) are also subject to the requirement to register with the Federal Motor Carrier Safety Administration, file FMCSA's Form MCS-150 or MCSA-1, and obtain a DOT number. The FMCSA forms require a registrant to indicate its "principal address." *For purposes of the UCR program, this location is considered the registrant's "principal place of business," the term used in the UCR Act*. If the registrant's principal place of business is in a state that participates in the UCR program, that state is the entity's UCR base state, with which it must register.

This seems a good place to emphasize that *all* interstate carriers, brokers, freight forwarders, and leasing companies, unless they are otherwise exempted, are subject to UCR, whether or not they are based in a participating state.

Nor is travel into any participating state a criterion. A business may conduct all its operations in one or more of the states that do not participate in UCR and still be subject to it, if those operations are interstate.

Choice of a Base State

If the registrant does *not* have its *principal* place of business, as defined above, in a participating state, but has a place of business – an office or operating facility – in a participating state, the registrant must select that state as its base. If the registrant has such a place of business in more than one participating state, it may choose any one of them as its base.

If the registrant does not have a place of business in any state that participates in UCR, the registrant is to choose its base state in accord with the following guidance provided by the UCR Board:

(1) If the registrant doesn't have a place of business in any participating state, it may choose as its base the participating state that is closest to its principal place of business,

<u>OR</u>

(2a) If the registrant's principal place of business is in Maryland, New Jersey, Vermont, the District of Columbia, or any of the six eastern Canadian provinces, it may select Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New York, Pennsylvania, Rhode Island, Virginia, or West Virginia as its base state.

(2b) If the registrant's principal place of business is in Florida or Mexico, it may select Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, or Texas as its base state.

(2c) If the registrant's principal place of business is in Manitoba, Ontario, or the Canadian territory of Nunavut, it may select Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, or Wisconsin as its base state.

(2d) If the registrant's principal place of business is in Arizona, Hawaii, Nevada, Oregon, Wyoming, the four western Canadian provinces, the Canadian Northwest Territories or Yukon Territory, or Mexico, it may select Alaska, California, Colorado, Idaho, Montana, New Mexico, North Dakota, South Dakota, Utah, or Washington as its base state.

Note that registrants based in Ontario, Manitoba, or Mexico may under these rules choose their base state from among more than one of the groups in (2) above.

If a registrant has a choice under the Board's guidance as to which state will be its base for UCR, it is a one-time choice; that is, the state chosen will remain the registrant's thereafter, unless either (1) the state drops out of the UCR program as a participating state, or (2) a registrant that had no place of business in a participating state acquires one. In the first case, the registrant must select a new base state for itself according to the rules above. In the second, the registrant may – but is not required to – shift its base to the participating state where it has a business location. If such a registrant does elect to change its base, it must notify the UCR Board, which must give affected states an opportunity to object to the change.

Where to Register

When the UCR program was originally conceived, it was expected that a UCR registrant would deal directly with its own base state for registration and paying its fees, and any registrant may still do so. As a practical matter, however, the development and operation of a *national on-line UCR registration system* by the UCR Board of Directors has altered the registration process.

Although businesses subject to UCR still formally register with their respective base states, the large majority do so on-line, through the national registration system operated by the UCR Board on behalf of all the participating states. In lieu of registering on-line, a business may still use a paper form to register, and mail or bring it in to its base state with its payment. A registrant may also come to an office of its base state and allow the state to perform its registration and accept its fee.

When to Register

The Board has as a rule recommended to the participating states that they commence UCR registration for a given registration year (that is, calendar year) on the October 1 preceding the beginning of that year, and states have generally complied with this recommendation.

Deadline for Registration & Payment

A registrant's UCR fee is due when it registers. In order for an operation subject to UCR to continue to operate legally, it must complete its UCR registration and pay its UCR fee before January 1 of the registration year. After that date, the registration fee is still due, but a nonregistrant may then be subjected to state enforcement action unless the UCR Board has postponed the due date for that year.

A registrant may choose to enter its information on the required registration form on-line, and then either pay its fee on-line or mail in a check to the address shown on the registration site. If the registrant chooses the latter, its registration *will not be effective until UCR or its base state receives its payment and it is posted*. For more on the rules on pending payments, see the UCR website, athttps://plan.ucr.gov, under Policy Resource Center.

Effective October 8, 2020

The UCR Registration Process

Registration under UCR is relatively simple. It requires the registrant to fill out a one-page form – which registrants most commonly do on-line -- with the registrant's name, address, DOT number, and the elements of its operation that are germane to the calculation of its UCR fee (briefly, the size of the fleet it operates) unless the UCR Board has postponed the due date for that year.

Registration is completed when the registration form is signed by an authorized representative of the registrant, and submitted with the proper UCR fee for the registration year to the registrant's base state (which includes filings made through the national UCR system).

The UCR Board annually provides a standard form and instructions for all of the participating UCR states to use for UCR registrations for the year. A state may not require more information from a registrant for purposes of UCR registration than is called for by the standard form.

A registrant's registration with its base state and payment of the appropriate fee fulfills its UCR obligations for the registration year. This does not, however, relieve the registrant of its obligation to maintain records sufficient to support the calculation of its UCR fee, if the registrant is subjected to audit.

Registration Through Third Parties

An entity subject to UCR may engage a third party to perform UCR registration and pay UCR fees. Such arrangements may be subject to the rules of individual participating states. The UCR program does not regulate the fees a private party may charge a registrant for such a service.

The UCR Fees

The fees imposed under the UCR program are graduated according to the size of a motor carrier or freight forwarder registrant's fleet. Entities other than motor carriers and freight forwarders that are subject to the UCR program, and that do not operate vehicles, pay at the lowest level of fees.

For the 2020, 2021, and 2022 registration years, the UCR fees are:

Number of Vehicles	Amount Due	Number of Vehicles	Amount Due
0-2	$59	21-100	$1,224
3-5	$176	101-1,000	$5,835
6-20	$351	Over 1,000	$56,977

See the section on UCR Fees & Revenues for an explanation of the level of UCR fees in a given year.

Receipt for Fees Paid

The base state may provide a receipt to a registrant when it has paid its fee. Many UCR registrants carry a copy of the receipt in their vehicles, but this is *not* required by the UCR program or by any participating state.

No UCR Credential

Unlike many other programs to which interstate motor carriers are subject, UCR does *not* require any credential to be displayed by a registrant. The Board has specified that no state may require any such credential or cite any carrier for failure to display a credential or the fee receipt.

Refunds of Fees Paid

In limited circumstances, a registrant may request a refund in whole or in part of UCR fees it has paid. These situations include: Where in error a registrant has registered and paid its fee twice, where the registrant paid a larger fee than in fact it owed, or where the entity that registered wasn't actually required to register at all. There may be other circumstances as well where a refund might be warranted. All refunds of UCR fees must be applied for through the on-line portal of UCR's national registration system. Refunds are closely reviewed by both the UCR organization and by the registrant's base state. For details, see the policy on refunds adopted by the UCR Board at https://plan.ucr.gov/policy-resource-center.

UCR Audits

The Board requires each participating state to perform certain audits every year of the carriers that have based with it for purposes of UCR. UCR audits fall into the following four categories.

The first category is of carriers that pay a UCR fee in a lower fee bracket than the number of vehicles those carriers have declared in their Form MCS-150 filings alone would indicate they should have. Such instances are termed "retreat" in UCR talk, and there may be valid reasons why a carrier retreats as, among other things, the Act permits many carriers to exclude their intrastate vehicles when they calculate their fees. But a participating state is *required* by the Board to audit each year *all* of the carriers who retreat from either a tier 6 (the highest fee bracket) or from tier 5 (the next highest), in order to validate that the retreat was justified.

Second, a state *must* audit *all* of the focused anomaly reviews (FARs) for its based carriers that involve tier 6 or tier 5 fees. FARs is the UCR enforcement program that matches the number of IRP-plated vehicles a carrier has with the tier for which the carrier paid UCR fees, and refers mismatches to the carrier's base state for resolution. Again, there may be valid reasons for a mismatch, but as noted below there is a very strong presumption that an IRP-plated vehicle is countable for UCR purposes.

Third, a state must audit all of the other FARs assigned to it for the fees of a given registration year, up to 100.

Last, a state *may* also audit any carrier or other entity based for UCR with the state. The Board does not require a state to do such audits, however.

A state's audits of registrations for a given UCR registration year are to be completed by March 31 of the year following, and the state is to submit a report to the Board detailing its audits by June 1.

UCR audits are typically desk audits, that is, they involve an examination of the information available to the state through various state and federal data bases and such programs as IRP and IFTA, and telephone inquiries to the carrier under audit. A carrier that cannot justify the level of the fee that it has paid will be required to pay the difference. The registration of a carrier that fails to do so will be suspended, and it will be subject to any penalties its base state may impose for unpaid liabilities and to any enforcement penalties of a state in which its vehicles are found to be operating.

For more details on UCR's audit requirements, the reader is directed to Section 19 of the UCR Agreement.

Enforcement of UCR

Despite the absence of a UCR credential, the participating states enforce the payment of UCR fees in a variety of ways. Some states, particularly those states where the International Registration Plan is combined with the UCR program in a single agency, deny a motor carrier its vehicle registration until it has completed its UCR registration.

Second, the UCR Board requires that each participating state audit a certain proportion of its UCR registrants to ensure that they have paid the appropriate fees. The audit program makes use of states' IRP records to highlight discrepancies between the number of vehicles a motor carrier has registered under the Plan and the size of the fleet it has declared for purposes of UCR.

A carrier that is found to have underpaid its UCR fees will be treated as if it has not registered, a status that appears on the public portion of FMCSA's website, and subjects it to enforcement actions.

Third, falsely completing the UCR registration form is subject to the penalties for perjury that may be imposed by a registrant's base state.

Finally, enforcement officials at all levels may access data bases of the FMCSA in order to ascertain whether an entity associated with a particular DOT number has a current UCR registration. That check can be carried out at roadside during a traffic stop, as well as in other settings.

Each UCR participating state is free under the program to impose what penalties it sees fit for noncompliance with the requirements of the program, and many of those are significant.

Effective October 8, 2020

Calculating UCR Fees: Counting Vehicles

UCR Fees for the UCR registrants that operate vehicles (that is, carriers and freight forwarders) are based on a bracket system, in which the UCR fees depend on the number of vehicles the registrant operates. Registrants that do not operate vehicles (brokers and leasing companies) pay fees at the lowest bracket level. Although the concept is fairly simple, the process is complicated by the interplay of several factors.
This section explains how a registrant determines the bracket that corresponds to the size of its fleet; that is, how many vehicles it has for purposes of UCR. The next section goes into detail on what kinds of motor carrier operation are subject to UCR, and which may not be.

UCR Fees – A Bracket System

The UCR Act specifies that the UCR fees comprise a bracket system, consisting of between four and six brackets. Since the fees were first set, there have been six brackets.

Of the four categories of businesses subject to UCR requirements – motor carriers, freight forwarders, brokers, and leasing companies – fees for the first two are calculated according to the number of vehicles they own or operate, while the latter entities, brokers and leasing companies, pay the fee specified by the lowest bracket.

Once again, the UCR fee brackets for 2020, 2021, and 2022 registration years are:

Number of Vehicles	Amount Due	Number of Vehicles	Amount Due
0-2	$59	21-100	$1,224
3-5	$176	101-1,000	$5,835
6-20	$351	Over 1,000	$56,977

Thus, at the level of UCR fees in 2020, a motor carrier or freight forwarder that owns or operates no vehicles, or only one or two, pays a UCR fee of $59 a year. Brokers and leasing companies, which by definition do not operate vehicles, pay at the same rate - $59 a year.

It may be that a motor carrier or freight forwarder subject to UCR operates no vehicles at all. However, it will still have to register for UCR and pay an annual fee at the lowest level. Carriers and freight forwarders that own or operate more vehicles than two pay the corresponding fee.

Businesses With Multiple Operating Authorities

If a business holds more than one *type* of authority from U.S. DOT *in the same legal entity* – if it is both a motor carrier and a broker, for example -- the business is required to pay only one UCR fee, but at the *higher* of the two possible rates – in this example, the motor carrier rate.

A single motor carrier entity may also operate as a motor carrier *under more than one U.S. DOT number* that it holds. The UCR Board has determined that such a carrier is obliged to register for UCR *separately* for each of its DOT numbers, and to pay a UCR fee for each one, according to the number of vehicles it operates under each number. *If such a business operates individual vehicles in more than one of its fleets, those vehicles must be counted toward the UCR fee of each of the fleets in which they have been operated.*

Many transportation businesses are organized as groups of two or more related corporations or partnerships, with their DOT operating authorities held in more than one of these legal entities. In such a case, *each* entity that holds DOT authority is required to register for UCR *separately* and pay the fee appropriate to the type of authority it holds and the number of vehicles operated under that authority. Again, if individual vehicles are operated under more than one of these authorities, *they must be counted in both fleets*.

Note too that *exempt carriers*, such as those that carry raw materials of various types, hold no operating authority from U.S. DOT but are still required to obtain DOT numbers and are still subject to UCR. Exempt carriers must also register for UCR and pay the UCR fees appropriate to the size of their fleets.

In summary:

> If a single legal entity holds more than one *type* of authority from U.S. DOT, the entity registers only *once* for UCR purposes, and pays a fee that corresponds to the number of vehicles it operates.
>
> If a single legal entity holds more than one authority as a motor carrier or freight forwarder from DOT, it must register for UCR *for each one*, and pay the appropriate fee for each one, depending on the number of vehicles it operates under that authority.
>
> If a group of legally related entities holds more than one authority from DOT, each member of the group that holds such an authority must register and pay the UCR fees appropriate to the authority or authorities that it holds.
>
> These rules require a vehicle that is operated under more than one DOT number to be counted as a part of *each* fleet in which it is operated.

See below, under **Owned or Operated**, *for more on the specific meaning of these terms under UCR.*

Counting Vehicles

If a UCR registrant operates vehicles, how to count them to determine its UCR fee is clearly important. The process has four steps – and note that *intrastate* vehicles are included with interstate vehicles, at least through the third step:

(1) Determining how many vehicles the registrant "owns or operates."

(2) Determining how many owned or operated vehicles are "commercial motor vehicles."

(3) Determining the relevant time period of the vehicle count.

(4) Exercising (or not) certain options to add or subtract vehicles from the number of commercial motor vehicles owned or operated.

Owned or Operated

The Act specifies that only those vehicles owned or operated by a motor carrier or freight forwarder are to be counted toward its UCR fee. These are the vehicles, according to the Act, that are either *registered* in the name of the carrier or freight forwarder or are controlled by it under a *long-term lease* during a vehicle registration year. A long-term lease is one of thirty days or more. (Leases shorter than thirty days are commonly referred to as rentals.)
Two points are to be noted: First, *ownership* of the vehicle is not the determining factor, but the name under which it is *registered*. Second, a vehicle is not considered *controlled* by the carrier or freight forwarder if the carrier or freight forwarder operates it only under a short-term lease.

Under this definition, a given vehicle may be:

Both owned (that is, registered to) and operated by the registrant,

Not owned by the registrant (that is, registered to someone else), but operated by the registrant.

Owned by the registrant (that is, registered in its name), but not operated by the registrant.

Neither owned by (that is, not registered to) nor operated by the registrant.

Clearly, the fourth category of vehicle – those neither owned nor operated by a registrant, is not to be counted toward the registrant's fee.

The UCR Board has also determined that the third category of vehicle – those registered to a registrant but not operated by it – are not to be counted toward the registrant's fee. As one example, suppose a motor carrier operation is organized into two separate corporations, the first of which holds title to and registers the vehicles that are operated by the second corporation under long-term lease from the first. Here, the holding company that only registers the vehicles is considered to operate no vehicles for purposes of the UCR fee, while the operating company's fee is based on the size of the fleet. (The holding company still must register for UCR, but its fee will be at the lowest bracket level.)

Commercial Motor Vehicles

For purposes of the UCR, a commercial motor vehicle is defined as:

> A self-propelled vehicle used on the highways in commerce principally to transport passengers or cargo, if the vehicle:
>
> has a gross vehicle weight rating or gross vehicle weight of more than 10,000 pounds, whichever is greater, or
>
> carries placarded amounts of hazardous materials, regardless of the vehicle's weight, or
>
> is designed to transport more than ten passengers, including the driver.

Several aspects of this definition require comment:

For purposes of the UCR fee, only power units are countable. Towed units – trailing equipment of various sorts – don't count. (This represents a change in the Act that took effect in 2010. Before then, trailing equipment did count for UCR, but this is no longer the case.)

A vehicle must be used on the highway to be counted. One that operates solely off-road is not.

The UCR Board has determined that a vehicle that has equipment mounted on it – such as mobile cranes and various types of trucks operated by utility companies and the like – is a commercial motor vehicles for purposes of UCR; the equipment mounted on it, that is, is the "cargo" of such a vehicle.

Commercial motor vehicles that are operated entirely in intrastate commerce are to be counted. (See below, however, for the conditions under which they may be excluded from the final fleet count.)

A vehicle must be used in furtherance of a business to be counted. That is, a commercial motor vehicle must be used in commerce.

To be considered a commercial motor vehicle, a vehicle must weigh, or have a manufacturer's weight rating, of more than 10,000 pounds (except smaller vehicles that carry placarded amounts of hazmats). Note that these weights are gross weights; for this purpose only, trailing equipment is taken into consideration. Smaller vehicles that carry amounts of hazardous materials that under DOT regulations are required to bear a hazmat placard are considered to be commercial motor vehicles for purposes of UCR, regardless of weight.

Under the UCR Act, as amended by Congress, a piece of trailing equipment is never to be counted separately as a UCR fleet vehicle for purposes of calculating a motor carrier's UCR fees. *However*, the gross weight of a combination vehicle, that is, a power unit and whatever trailing equipment it may haul, determines whether the power unit is countable for UCR purposes. If the gross registered weight, gross weight rating, or actual gross weight of a combination exceeds 10,000 pounds, the combination is considered a commercial motor vehicle, and the power unit of the combination is countable for UCR if the combination is operated in interstate commerce – that is, the combination either crosses state lines or carries interstate freight. This is true even though, *by itself*, the power unit may weigh 10,000 pounds or less.

For example, a one-ton pick-up truck weighs less than 10,000 pounds, and is not, by itself, a commercial motor vehicle. However, if that pick-up pulls a trailer, and the weight of the pick-up, the trailer, and the cargo on the trailer exceeds 10,000 pounds, the combination is a commercial motor vehicle. If the combination operates interstate at a gross combined weight of more than 10,000 pounds, the pick-up is countable towards the operator's UCR fee.

See below for the circumstances in which smaller vehicles may be counted in a fleet for UCR.

Relevant Time Period

The Act specifies that the size of a carrier or freight forwarder fleet is, for purposes of its UCR fee, to be determined as *either*:

> The number the UCR registrant declared it owns or operates on the last Form MCS-150 it filed with the Federal Motor Carrier Safety Administration, *or*
>
> The number the UCR registrant owned or operated during the year ending the June 30 before the beginning of the calendar year for which the UCR fee is being determined.

(New applicants seeking federal motor carrier or freight forwarder authority are now required by federal law to apply on-line using Form MCSA-1 rather than the Form MCS-150. The forms are similar in content and function for purposes of the UCR program, and references in the Handbook to the Form MCS-150 should be understood to refer to whichever form the business has actually filed.)

The calculation of the number of vehicles owned or operated depends on the rules discussed above concerning the key terms "owned or operated" and "commercial motor vehicles."

Since under federal law, the MCS-150 only has to be filed every two years, the two methods above may yield different numbers, which may affect the UCR registrant's fee.

The Act is silent as to whether the ultimate decision whether to use the MCS-150 or the previous year's fleet size is the registrant's, but as a practical matter, the registrant will make that decision at least initially when it registers for UCR.

However, while the number of vehicles the registrant owned or operated during the preceding year is a matter of fact that may be determined by audit or examination, the number of vehicles declared on a Form MCS-150 may be subject to inaccuracy or error on the part of the filer. The UCR Board has determined that a registrant's base state has the authority to resolve discrepancies of this sort that stem from mistakes or miscalculations on the part of a registrant.

It might be emphasized that the relevant number of vehicles in a registrant's fleet is determined for a given UCR registration year *only* by one of the two methods discussed above. That number is *not* affected by what may happen to the registrant's fleet *during* the UCR registration year. If the number of vehicles in the fleet increases during the year, the registrant will *not* owe a larger fee at that point (though it may when it registers for the following year), nor will it be due a refund if the number decreases during the year (though it may owe a smaller fee when it registers the following year).

Optional Adjustments

At this point, the registrant should have determined the full count of the commercial motor vehicles, both interstate and intrastate, in its fleet. Now the Act allows certain types of motor carrier registrants to add or subtract certain categories of vehicles to arrive at the final count for purposes of determining their fees. Note that taking advantage of these provisions is entirely up to a registrant – it need not do so. Note too that not all types of carrier have these options.

One provision of the Act permits some registrants to *include smaller vehicles* in their fleets for purposes of the UCR fee. The other permits some registrants *to exclude intrastate vehicles*.

Including Smaller Vehicles

A for-hire motor carrier may include in the count of its fleet for purposes of the UCR fee any of the motor vehicles, regardless of their weight or the number of passengers for which they are designed, which the carrier operates on the highway to carry either freight or passengers *for compensation.*

A freight forwarder is not eligible to include such vehicles, and a private carrier of property is also disqualified by the requirement of hauling for compensation, which private carriers, by definition, don't do.

A motor carrier may wish to include its smaller vehicles since federal law (49 U.S. Code section 14506) bars state and local governments from imposing most credential requirements on those of an interstate motor carrier's vehicles that have been included in its fleet for purposes of determining the carrier's UCR fee.

Excluding Intrastate Vehicles

A motor carrier, either for-hire or private, may exclude vehicles that operate only in intrastate commerce in the transportation of property (including, for this purpose, waste and recyclables) from the carrier's fleet count for purposes of the UCR fee.

Freight forwarders are *not* eligible for this exclusion.

A motor carrier may *not* exclude *intrastate passenger vehicles*.

At this point, the reader is referred to the discussion above about interstate *versus* intrastate commerce. It must be emphasized that for purposes of UCR, a vehicle is in interstate commerce if it *ever*, even once, during the course of the year in question, crosses a state line or into a foreign country, or *ever* during that year carries either freight or passengers that began their movement in another state or country or will finish their movement in another state or country.

Under the UCR definition, a great many motor vehicles that never leave a state must still be counted as interstate for purposes of calculating UCR fees.

Effect of IRP Registration

The International Registration Plan is designed for the registration of larger interstate commercial motor vehicles. Under the Plan, a vehicle is not to be allowed the privilege of IRP, that is, apportioned registration, unless it travels or is intended to travel in two or more IRP jurisdictions (that is, states or Canadian provinces). Nor may noncommercial vehicles or trailing equipment be registered under IRP.

There is therefore a very strong presumption that a vehicle registered under IRP is countable towards a carrier's fleet for purposes of calculating its UCR fee, and *not* excludible under the provision discussed just above. That is, the burden will be on the IRP registrant to prove to its UCR base state that any of its apportioned vehicles should *not* be counted as a part of its UCR fleet.

Double-Counted Vehicles

UCR registrants should be aware that under some circumstances an individual vehicle may be counted in more than one fleet for purposes of calculating UCR fees. A motor carrier that holds two motor carrier authorities from U.S. DOT, for instance, might operate a vehicle under both authorities, and the vehicle would therefore be counted in both. A motor carrier might also both operate a vehicle part of a year and also lease it out to another carrier, which then also operates it; that vehicle would be counted in the fleets of both carriers.

Two things must be borne in mind, however:

A registrant is not considered to *own* or *operate* a vehicle for UCR purposes unless the vehicle is registered in the registrant's name or the registrant operates it under long-term lease, that is, a lease of more than thirty days (in other words, not a rental).

Due to the bracket structure of the UCR fees, counting a single vehicle as a part of more than one fleet will not necessarily make a difference in a registrant's UCR fee for either fleet.

International Operations

With respect to the operations of motor carriers or freight forwarders that operate motor vehicles in the U.S. and one or more foreign countries, motor vehicles that do not operate in the U.S. during the relevant time period are to be excluded from the calculation of UCR fees.

Effective October 8, 2020

General Guidance on Certain Types of Operation

This section contains additional guidance on how several general types of transportation operation are dealt with under the UCR program. The section that follows this one has guidance on some more specific kinds of businesses.

New Operations

May a motor carrier or freight forwarder that began operation only recently pay its UCR fee at the lowest bracket level on the ground that during the previous year – that is, before the business began – it operated no vehicles?

No, such a new business is required to compute its UCR fee according to the latest Form MCSA-1 it has filed with FMCSA. *(New applicants seeking federal motor carrier or freight forwarder authority are now required by federal law to apply on-line using Form MCSA-1 rather than the Form MCS-150. The forms are similar in content and function for purposes of the UCR program.)* The Act contemplates that motor carriers that operate larger fleets of vehicles are to pay larger fees. A new motor carrier operating 2,000 vehicles, say, should not get a (nearly) free ride for purposes of UCR simply because it was not in existence a year ago.

Intermodal Equipment Providers

Is a motor carrier or private carrier that registered with U.S. DOT as an Intermodal Equipment Provider (IEP) exempted from UCR registration and fees?

No. An IEP is merely a business that provides intermodal chassis under an intermodal exchange agreement to intermodal partners for use in hauling intermodal containers. An IEP may also be a motor carrier or a private carrier, and in that case should be registered with FMCSA as a motor carrier. An IEP that is also a motor carrier or private carrier must register for UCR as any motor carrier or private carrier, as the case may be, and calculate its fee on the basis of the number of commercial motor vehicles it owns and operates.

Currently, however, many businesses that should be registered with FMCSA as motor carriers or private carriers have mistakenly been registered only as IEPs. FMCSA advises such businesses that they must correct their registrations promptly. *And whether or not such a business is properly registered, it must register and pay a properly calculated UCR fee.*

Leasing Companies

Leasing companies as defined for purposes of the UCR – that is, entities in the business of leasing or renting motor vehicles without drivers to interstate motor carriers or freight forwarders -- are not required to register with U.S. DOT and obtain a DOT number, if they do not *operate* any vehicles.

FMCSA considers a leasing company that moves any of its vehicles from place to place over the highway – for its own reasons or for the convenience of a customer, for example – to be a private motor carrier of property which is required to register and obtain a DOT number.

However, for purposes of the UCR program, a business that otherwise falls into the leasing company category does *not* become a carrier merely because it repositions its own vehicles, even across state lines. Once again, a business that is solely a leasing company, and not a carrier, pays a UCR fee at the lowest level.

Leased Vehicles

A business that is registered with U.S. DOT as a motor carrier may also lease vehicles to one or more other motor carriers, which may or may not be related to the lessor. How are such transactions viewed with respect to UCR?

This can seem to be a complicated area, with many different possible situations, but following one rule can resolve most or all of them:

If a vehicle is *operated* by a motor carrier with an interstate DOT number (and this includes a motor carrier that should have obtained a DOT number as an interstate carrier but has not done so), the vehicle is to be counted in the fleet associated with that DOT number, *unless* it is operated by that fleet only under a short-term lease or leases.

Under this rule, if a vehicle is operated under more than one DOT number, it must be counted in *each* of the fleets associated with those numbers.

With respect to a lessor of motor vehicles that holds DOT operating authority, it does *not* become a "leasing company" for UCR purposes merely because it leases out vehicles. Under UCR, a "leasing company" does not hold any DOT authority or have a DOT number and does not operate any vehicles. A lessor that has – or should have – a DOT number is *not* a leasing company for UCR, and must pay a fee according to the number of vehicles it operates.

All these considerations apply whether or not the lessor and lessee of the vehicles in question are related businesses.

A lessor that holds motor carrier authority but does not operate any of the motor vehicles it owns, but leases them all to other entities, should pay UCR fees at the lowest bracket.

If the only vehicles a motor carrier operates are operated by it under *short-term* lease, it should pay UCR fees at the lowest bracket, since, under UCR, those vehicles are not counted as "operated."

Generally, a motor carrier may not exclude intrastate passenger vehicles, but the Board has determined that certain intrastate school buses may be excluded -- see the next section.

Light Vehicles

Some motor carriers or freight forwarders may operate only vehicles that are not classified as commercial motor vehicles, typically because the vehicles are lighter or carry fewer passengers than vehicles included in the definition of the term commercial motor vehicle. Such a business must register for UCR because it is one of the types of business covered by the program, but it would ordinarily pay a UCR fee in the lowest bracket, because it operates no commercial motor vehicles. (If the business is a for-hire motor carrier, however, it may, as noted in the preceding section, add to its fleet count those vehicles it operates that are not commercial motor vehicles.)

International Operations

With respect to the operations of motor carriers or freight forwarders that operate motor vehicles in the U.S. and one or more foreign countries, motor vehicles that do not operate in the U.S. during the relevant time period are to be excluded from the calculation of UCR fees.

Effective October 8, 2020

Specific Business Types Included or Excluded From UCR

The UCR Board of Directors has determined the status for UCR of a number of specific kinds of transportation operations. Generally, though not in all instances, the question has been whether a given operation is or is not required by the Act to register for UCR and pay UCR fees. By no means all kinds of transportation businesses are represented below; but what's here may help to clarify how the general rules of the UCR program apply in specific instances. To an extent, these are practical applications of the more general rules discussed here in other sections. The Board's determinations include:

Drive-away & Tow-away Operations

Drive-away and tow-away operations in interstate commerce are covered under UCR, since they represent motor carrier operations. (To clarify: these are the operations involved in transporting new or used vehicles that have been purchased to their new owners. Their vehicles typically bear transporter plates. The category does not include towing services, *per se*.) The vehicles being hauled or driven are considered to be their freight rather than vehicles that they operate. Therefore, although such operations are required to register for UCR, they pay in the lowest fee category (unless they engage in carrier operations other than drive-away and tow-away).

Hazmats

A carrier hauling placarded amounts of hazardous materials in interstate commerce must register for UCR, regardless of the weight of the vehicles it uses in that application. The definition of commercial motor vehicle in federal law that applies to the UCR program includes *all* vehicles, regardless of weight, used to haul placardable amounts of hazmats. *Purely intrastate* carriers that haul placarded amounts of hazmats are also required by federal law to register with DOT and obtain a DOT number. Because these carriers are *not* interstate, however, they are not subject to UCR requirements.

Commercial Zones

A motor carrier transporting interstate freight or passengers only within a commercial zone is required to register for UCR. There is no exemption in the Act for operations wholly within a commercial zone, as long as interstate freight or passengers are hauled.

Exempt Carriers

An exempt motor carrier, that is, one that hauls agricultural or other commodities exempt from federal operating authority requirements, is required to register for UCR. The Act specifically includes exempt carriers within the purview of the UCR program.

Agricultural Haulers & Farm Vehicles

Agricultural haulers operating in interstate commerce, including those operating under special plates, are subject to UCR, even though they may be exempt from other registration or specific safety requirements. It might be noted that movements of agricultural produce by truck to a railhead or ocean or river port are almost always *interstate* in nature.

Operations in Nonparticipating States

A business is *not* exempt from the requirements of the UCR program merely because its operations are restricted to states that do not participate in UCR.

Short-term and Seasonal Operations

A seasonal transportation operation, provided it operates in interstate commerce, will still be required to register for UCR, even though it may be idle for much of the year.

D/B/As

John Doe, a sole proprietor, operating as a motor carrier under the d/b/a [doing business as] John's Trucking and as a broker under the d/b/a John's Broker Service, does not have to register twice for UCR, once as a motor carrier and again as a broker. The same would be true if Mr. Doe's business were incorporated, and the corporation operated as a motor carrier under one name and as a broker under the other. In both cases, there is only a single legal entity, and a single UCR registration is all that is required, even though the entity may hold more than one type of operating authority. In each of these instances, the business would register as a *motor carrier*. By the same token, however, if Mr. Doe's carrier and brokerage businesses were incorporated *separately*, there would then be *two* legal entities holding operating authorities, and each one would be required to register for UCR and pay a fee.

The case is different, however, if Mr. Doe operates fleets under two motor carrier DOT numbers. In that event, whether or not the fleets operate as separate legal entities, Mr. Doe must register each of them for UCR, and calculate the fees for each one according to how many vehicles are operated in each fleet. If the fleets interchange vehicles, this will mean that those vehicles are counted toward the fee of *each* fleet.

Government Vehicles & Contractors

All levels of government are exempt from the requirements of the Act. Towns, cities, counties, states, Indian tribes, and the federal government do not need to register for UCR because of any transportation operations they may conduct themselves.

However, businesses under contract with a government entity to conduct transportation operations are required to register for UCR. A carrier under contract with the U.S. Postal Service to carry mail, for example, is an operation of this sort, and must register.

To the extent that a government contractor uses government-owned vehicles in its operations, however, those vehicles are *not* to be included in the contractor's fleet count for UCR purposes.

Truck-Driving Schools

A truck-driving school is subject to UCR requirements - unless it is government-operated, such as a training program run by a community college.

School Buses

A school-bus operator that contracts to transport school children to and from school and school-sanctioned functions is required to register for UCR, *if* the operations require the buses to cross a state or national border, since it is therefore operating in interstate commerce. However, the Board has determined that a carrier *primarily* engaged in intrastate school-bus operations may exempt its intrastate school buses from its fleet count.

Customized Vehicles

An operation employing customized transport vehicles is required to register for UCR if the vehicles it operates fall within the definition of commercial motor vehicles and are used in interstate commerce.

Trash and Recyclables

Trash and recyclables are not considered "property" under federal transportation law, and the wording of the Act as it was originally passed by Congress excluded interstate haulers of trash and recyclables from requirements under UCR. The Act was subsequently amended, however, and, beginning in 2009, interstate carriers *are no longer excluded* from UCR merely because they haul nothing but trash and recyclables.

Charities and Nonprofits

Charities and nonprofit organizations are not exempt from registering for UCR if their transportation operations are in interstate commerce.

Emergency Operations

An electric utility or other business that operates vehicles interstate only in order to respond to an emergency or natural disaster is not exempt from UCR requirements, unless the states involved in its interstate travel have waived those requirements.

Emergency Vehicles

A private business that operates fire trucks or similar emergency vehicles interstate is a carrier subject to requirements under UCR, but such emergency vehicles are not considered commercial motor vehicles for purposes of calculating the business's UCR fee.

Household Goods Agents

An agent of a household goods van line is not subject to UCR unless it has interstate operating authority of its own. The van line, however, is subject to UCR requirements, and must include in its fleet count the vehicles it leases from its agents and operates interstate.

Effective October 8, 2020

UCR Fees & Revenues

The aim of the UCR program is to collect revenues for the participating states from the businesses subject to the program's fee requirements. The Act established the program in such a way that the overall collections from the fees do not grow over time. Indeed, the level of the fees are to be reset by the U.S. Secretary of Transportation, upon the recommendation of the Board, should collections exceed the amount to which the participating states are entitled.

Background of the Act

The UCR Act replaced a prior program, the Single-State Registration System (SSRS), which had itself replaced a program known as the Bingo-Stamp Program. One of the purposes of the Act is to preserve the funding that states had derived from SSRS and from certain related activities concerning the economic regulation of transportation. The Act provides, however, that these revenues reserved for the states are fixed and do not grow over time. The Act also repealed SSRS, and barred states from engaging in the related regulatory activities. This is summarized above, in the section on UCR's Restrictions on States.

State Entitlements Under UCR

Each state that participates in UCR is entitled under the Act to a specific amount of revenue in each UCR registration year, and to no more. Each state's entitlement is determined by the U.S. DOT, upon the recommendation of the UCR Board. The amounts vary considerably from state to state, as individual state revenues differed greatly under UCR's predecessor programs. The total of state entitlements, an amount which is essentially fixed by the Act, has been determined at somewhat more than $107 million annually. The basic purpose of the UCR program, as it has been described here, is to collect this amount in UCR fees (plus an additional amount reserved for the administrative expenses of the Board) from transportation businesses subject to UCR requirements, and then to distribute to each participating state its entitlement under the Act.

Setting UCR Fees

Because the Act prevents the revenues a participating state derives from UCR collections from growing over time, the Act provides for the level of the fees charged under the program to be changed, if overall collections increase or decrease. The fees for a given registration year are set by the U.S. Secretary of Transportation, on the recommendation of the UCR Board. The Board arrives at its recommendation through estimating the number of fee-paying businesses in each bracket of the UCR fee structure and calculating the level of fees needed – the Act specifies that the fees in each bracket must be "proportional" – to achieve the total annual state entitlement of approximately $107 million, plus the administrative allotment for the expenses of the Board, which U.S. DOT has set currently at $4 million a year.

Changes in the Fees

If collections at the current level of fees fall significantly below this total of about $112 million, or rises significantly above it, the Board can recommend that DOT adjust the fees per bracket – and may also recommend the adjustment of the parameters of the brackets themselves – to arrive again at the total collections set by the Act. If a participating state were to withdraw from UCR, its fees would be subtracted from the total entitlement and the fee level would be adjusted accordingly. The level of the UCR fees was adjusted upwards, effective in 2010, reflecting an amendment to the Act which removed trailing equipment from consideration in the calculation of motor carrier fees under the UCR program.

If overall fee collections in a given UCR registration year total less than the full amount of state entitlements, states that did not receive all they were due will never have the deficit made up. On the other hand, if overall collections exceed the sum of state entitlements and the Board's allotment for administrative expenses, the surplus is retained by the Board, pending the lowering of the level of the fees. When that decrease in fees occurs, the surplus will then be distributed to keep the states whole. (See the next section for more detail on distributing the UCR fees.)

For the 2018, 2019, and 2020 UCR registration years, DOT adjusted the fees downward, since collections for those and prior years exceeded the overall cap on revenues, plus the allotment for the Board's administration of the program. These decreases were particularly large, since they accounted both for the prior overcollections and for the need to ensure that subsequent program collections would not exceed the entitlement. The Board has determined that these decreases, taken together, make up for all the prior overcollections and no further fee changes for 2021 or 2022 were warranted. The 2021 and 2022 fee level therefore remains the same as in 2020, and is expected to bring the participating states all the revenue they are due from the program for both the 2021 and 2022 registration years.

Effective October 8, 2020

Distribution of UCR Fees

As explained in the previous section, each state that participates in the UCR program is entitled to a certain amount of fee revenues the program produces. That amount, however, rarely if ever corresponds to the fees collected from the businesses based in each respective state. Collections made by a state (or on the state's behalf) that exceed its entitlement are paid into the program depository, operated by the Board, and distributed to participating states pro rata, to make up their entitlements.

The Basis of Fee Distribution

As set out in the preceding section, each state that participates in UCR is entitled to a certain amount of the total UCR revenues collected. UCR fees are collected from transportation businesses according to the base states assigned to those businesses. The total fees the businesses based in a given state pay in UCR fees is greater or less than the state's entitlement, often considerably more or less. In addition, while all the participating states can, and to some extent do, collect UCR fees directly from the businesses based with them, the great majority of UCR fees are collected through the national on-line UCR registration system operated by the Board.

Under the Act, a state may retain the UCR fees collected from its based transportation businesses, until it has the full amount of its entitlement for the registration year. Any additional collections the state makes are forwarded by the state to the UCR Board, which maintains a depository function for the program. (Funds deposited with the Board are actually held in accounts maintained by the Board at the Bank of North Dakota, a state-owned financial institution.)

The Depository Function

Periodically, generally each month, the Board distributes funds from the depository, on a *pro rata* basis, to the participating states that have not yet collected their full UCR entitlements. In a year when UCR collections exceed the total amount of state entitlements, the excess is retained in the depository, initially to meet the UCR Board's administrative expenses up to the amount allotted for that purpose, and then held for distribution to the states in a future year, when downward adjustments to the fees that were necessitated by excess collections have resulted in lower program revenues.