U.S. Department
Of Transportation

Federal Motor
Carrier Safety
Administration

Proposed Rule Regulatory Evaluation
Initial Regulatory Flexibility Analysis
Regulatory Accountability and Reform Analysis

Household Goods Carriers Complaint Reporting System

By
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EXECUTIVE SUMMARY

Under section 4214(a)(2) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the Federal Motor Carrier Safety Administration (FMCSA) must issue regulations requiring each motor carrier of household goods to submit a quarterly report. The report summarizes: (1) the number of shipments by the carrier; (2) the number and general category of complaints lodged by consumers with the carrier; (3) the number of claims for loss and damage exceeding $500 filed with the carrier; and (4) the number of such claims resolved, declined, and pending during the reporting period.

This Regulatory Evaluation presents 3 different alternatives for accomplishing that mandate. The first alternative would require carriers to submit the required information to the Agency, but would not specify the format or exact content of the reports. The second alternative would require carriers to submit the required information in a standardized report, as specified by the Agency. The Agency would set up an online reporting system to enable motor carriers to submit these reports via the internet. In addition, the Agency would produce a paper form that could be used by motor carriers to submit the report via regular mail. The third alternative would be identical to the second, but would not allow submission of reports by mail. Only reports submitted over the internet would be accepted by the Agency.

According to the Motor Carrier Management Information System (MCMIS), there were 5,407 active household goods (HHG) carriers in the United States as of April 2006. Household goods carriers had a total of approximately $12.7 billion in revenue in 2002, the last year for which Economic Census figures are available. They employed more than 111,000 people, with a total payroll of over $3.1 billion. This rule would cost approximately $1.4 million per year if Alternative 1 were implemented, $711,000 per year if Alternative 2 were implemented, and $761,000 if Alternative 3 were implemented. Alternatives 2 and 3 are substantially less costly than Alternative 1, and effectively the same, when compared on cost.

All three Alternatives are expected to produce similar benefits. The benefits arise from enabling consumers to use the reported information to choose among HHG carriers based on customer service performance in addition to price. The FMCSA expects that making customer service performance information public would provide an incentive for HHG carriers to improve customer service. This would result in fewer lost and damaged goods and fewer arbitration hearings and legal costs to adjudicate disputes.

1.1 INTRODUCTION

The Household Goods Mover Oversight Enforcement and Reform Act of 2005 (Subtitle B of Title IV of SAFETEA-LU) requires FMCSA to issue regulations that require movers of household goods to submit quarterly reports. The reports cover the number of shipments by the carrier, the number and general category of complaints lodged by consumers against the carrier, and the number of claims for loss or damage filed with the carrier. The accompanying notice of proposed rulemaking (NPRM) presents a proposal for accomplishing this mandate and discusses some of the issues involved in establishing a complaints reporting system.

This regulatory evaluation presents our estimate of costs to the motor carrier industry of complying with the proposed regulations. This analysis presents cost and benefit estimates for three alternatives for accomplishing this Congressional mandate. This analysis has been conducted in conformance with Department of Transportation and FMCSA requirements and Office of Management and Budget guidance, but it is not a rulemaking document. We refer the reader to the accompanying NPRM for the proposed regulatory text and further detail regarding this proposed rule and its requirements.

The FMCSA Offices of Enforcement and Program Compliance, Research and Information Technology, and Communications have completed their implementation of the requirements of subsections 4214(a)(1), (a)(3), and (b) of SAFETEA-LU.[1]

1.2 BACKGROUND

The ICC Termination Act of 1995 (ICCTA) abolished the Interstate Commerce Commission (ICC) and transferred many of its functions to the U.S. Department of Transportation (DOT), including the authority to regulate the interstate transportation of household goods. In discussing the private dispute resolution programs administered by the ICC, the House Transportation and Infrastructure Committee report that accompanied

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[1] Sec. 4214(a) Establishment of System.—Not later than 1 year after the date of enactment of this Act, the Secretary shall—

(1) establish

(A) a system for filing and logging consumer complaints relating to household goods motor carriers for the purpose of compiling or linking complaint information gathered by the Department of Transportation and the States with regard to such carriers,

(B) a database of the complaints, and

(C) a procedure for the public to have access, subject to section 552(a) of title 5, United States Code, to aggregated information and for carriers to challenge duplicate or fraudulent information in the database;

* * * * *

(3) develop a procedure to forward a complaint, including the motor carrier bill of lading number, if known, related to the complaint to a motor carrier named in such complaint and to an appropriate State authority (as defined in section 14710(d) of title 49, United States Code) in the State in which the complainant resides.

(b) Use of Information.—The Secretary shall consider information in the data base established under subsection (a) in its household goods compliance and enforcement program.

the ICCTA stated that the government should not “allocate scarce resources to resolving these essentially private disputes." The Committee noted that the ICCTA created a private right to enforce the ICCTA and related regulations in court as a mechanism for resolving private disputes.

The Motor Carrier Safety Improvement Act of 1999 (Public Law 106-159, December 9, 1999, 113 Stat. 1749), established FMCSA as a separate agency within DOT. This law gave the Administrator the powers and duties to regulate motor carriers transporting household goods for individual shippers.[2] Regulations setting forth Federal consumer protection requirements for movers that provide interstate transportation of household goods are found in 49 CFR part 375.

Notwithstanding the Congressional intent that HHG disputes should be resolved without government intervention, over the last several years the number of complaints received by FMCSA against interstate movers has increased. In testimony before the U.S. House Subcommittee on Highways and Transit in 2001, the General Accounting Office (GAO) urged DOT to collect and analyze nationwide complaint information that would help the Department to understand and oversee the household goods moving industry. Consumer groups also expressed the need for DOT to compile complaints nationwide to help direct enforcement activities.

On June 11, 2003, FMCSA published an interim final rule (68 FR 35064) implementing the ICCTA requirement that household goods carriers have an arbitration program to resolve disputes over loss or damage to household goods. The rule required each mover to provide prospective shippers with a description of its customer complaint and inquiry handling procedure. The interim rule became a final rule effective August 11, 2005 (70 FR 39949). Section 4214(a)(1) of SAFETEA-LU provided for additional protection of consumers by requiring DOT to establish a consumer complaint database available to the public.

Under section 4214(a)(2) of SAFETEA-LU, the Secretary must issue regulations requiring each motor carrier of household goods to submit a quarterly report summarizing: (1) the number of shipments by the carrier; (2) the number and general category of complaints lodged by consumers with the carrier; (3) the number of claims for loss and damage exceeding $500 filed with the carrier; and (4) the number of such claims resolved, declined, and pending during the reporting period. The accompanying NPRM would implement that reporting requirement.

[2] See Sec. 101(a) adding 49 U.S.C. 113(f)(1), which states in part: “The Administrator shall carry out (1) duties and powers related to motor carriers…vested in the Secretary by chapters...133 through 149…; and (2) additional duties and powers prescribed by the Secretary.”

1.3 THE INDUSTRY

The HHG moving industry is a segment of the truck transportation sector. According to the Motor Carrier Management Information System (MCMIS), there were 5,407 active interstate HHG carriers in the United States as of April 2006.[3] Household goods carriers brought in a total of approximately $12.7 billion in revenue in 2002, with a total payroll of over $3.1 billion.[4] These revenue and payroll figures are for the entire HHG industry. Therefore, they include intrastate as well as interstate carriers. We use a figure of 5,400 active carriers for this analysis.

Motor carriers are required to update their registration information, including the number of drivers they employ, every 2 years. According to MCMIS, in April of 2006, the interstate HHG segment employed more than 165,000 drivers. The largest 20 HHG carriers employ 110,541 of these drivers, or roughly 67 percent of the drivers employed by this segment. Some 4,926 HHG carriers employ 20 or fewer drivers, and 4,489 employ 10 or fewer drivers. This industry is made up of a few very large carriers and many small-to-medium sized businesses.

2.1 ALTERNATIVES

This analysis discusses three alternatives for complying with the Congressional mandate that the Agency collect consumer complaint information from HHG carriers. The FMCSA already requires HHG carriers to maintain a written or electronic system for recording all inquiries and complaints received from an individual shipper by any means of communication (49 CFR 375.209(b)(4)). Therefore, carriers already may collect complaint data on a company form or through a web-based company system organized into general categories useful to the HHG motor carrier.

The first alternative would require carriers to submit the information required by Congress to the Agency, but would not specify the format or exact content of the reports. Under this alternative, each company could determine the format, content, and level of detail of the report submitted, so long as it contained the information required by Congress. This option would impose the least burden on HHG carriers that already collect consumer complaint information. They could choose the submission format that is most compatible with their current data systems and the type of information they collect. However, these reports would vary widely, and would require processing by the Agency before they would be useful for comparing companies' records.

The second alternative would require carriers to submit a standardized report, as specified by the Agency, which would include the information required by Congress. The Agency would set up an online reporting system to enable motor carriers to submit these reports via the internet. In addition, the Agency would produce a paper form that could be used by motor carriers to submit the report via regular mail. Under this alternative, the Agency

[3] FMCSA Analysis Division. MCMIS Data Query on Active Household Goods Carriers. April 4, 2006.
[4] U.S. Census Bureau. *Truck Transportation: 2002*. U.S. Department of Commerce, Economics and Statistics Administration. October, 2004.

would have to establish both an online reporting form and a paper based form, and would have to process reports received via both the internet and mail.

The third alternative is similar to Alternative 2, but would not allow submission of reports by mail. Only reports submitted over the internet would be accepted by the Agency. All three alternatives are discussed in further detail below.

2.2 ALTERNATIVE 1

Under Alternative 1, each carrier would file its own report with the Agency. No standard form would be used, so the content and format of each report would vary. Because FMCSA already requires carriers to maintain a system to collect complaints by shippers, we believe that they already collect this data in some form. However, the requirement that they provide this information to the Agency would be new.

Costs incurred by the carriers

Since carriers are already required to have systems to collect the complaint information the Agency is proposing to ask for, the only cost of Alternative 1 for carriers is the time to compile the report and the mailing costs of sending it to the Agency. Regardless of the manner in which these data are currently collected and stored, it would take HHG carriers some time to compile and format the reports for filing with the Agency. We assume that each carrier would take approximately 1 hour to prepare and file the reports before sending them to the Agency.

It is assumed here that the report would be compiled by a general office clerk working for the carrier. The hourly wage for general office clerks is $11.82 per hour (in 2005 dollars), according to the Bureau of Labor Statistics (BLS).[5] Inflating this number by 30 percent to account for fringe benefits, the total cost of time for a general office clerk would be $15.37 per hour. Alternative 1 would cost carriers 1 hour per report, and reports must be filed four times a year. Each carrier would incur costs of 4 hours x $15.37 per hour = $61.48 per year. The total labor-related cost to the industry would be 5,400 motor carriers x $61.48 = $332,000 per year, rounded to the nearest $1,000.

Under this alternative, we anticipate that motor carriers would mail reports to the Agency, which would have associated minor costs. We estimate that, accounting for postage, the cost of the envelope and paper, and the time taken to stuff, stamp, and seal the envelope, mailing the form will cost a motor carrier approximately $1 per form. Given that there are 5,400 HHG motor carriers, and that they would be required to submit reports quarterly, the Agency would expect to receive 4 x 5,400 = 21,600 reports. At $1 per report, the associated mailing costs would be $21,600.

[5] Bureau of Labor Statistics. *May 2005 National Occupational Employment and Wage Estimates*. Online at http://www.bls.gov/oes/current/oes_nat.htm#b29-0000. 2006.

Costs incurred by the Agency

In contrast to the other alternatives, these reports would not have a standard format under Alternative 1. Because of this, the Agency would require considerable time to review and process each report in order to standardize the content. We assume that the Agency would have to spend an average of 2 hours per report to process and standardize the data contained in them.

The Agency would dedicate FMCSA Analysis division staff and contractors to processing these reports. This processing would include transcribing the reports into a standardized format and entering the data into a database. This database would enable the Agency to compare each carrier's performance in the HHG moving sector. Data entry could not be done electronically because of the lack of a standardized format for the incoming data.

We assume that a GS-9 level government employee would process the reports for FMCSA. These workers earn $18.29 per hour, or $23.78 when adjusted by 30 percent to account for the value of benefits. At 2 hours per report, the total cost of this labor is $47.56.

Total costs for Alternative 1

The total labor cost per report, including both motor carrier costs and costs to the Agency, is therefore $47.56 + $15.37 = $62.93. There are currently approximately 5,400 active HHG carriers in the United States, and they would have to file reports quarterly. The total time-related cost of this alternative would therefore be $62.93 x 4 x 5,400 = $1.36 million. At $1 per report, the associated mailing costs would be $21,600, which brings the total cost up to $1.38 million. Table 1 below summarizes these cost estimates, and presents 10 year discounted costs for this Alternative. Costs have been rounded to the nearest $1,000.

Table 1
Costs of Alternative 1

Cost Category	Cost Per Report	Annual Cost	Ten year Discounted Costs (7 %)
Time to Compile Report*	$15.37	$332,000	$2,494,000
Mailing Cost*	$1.00	$22,000	$162,000
Cost to Process Report**	$47.56	$1,027,000	$7,720,000
Total Cost	$63.93	$1,381,000	$10,376,000

* Cost to HHG motor carrier industry
** Costs to FMCSA

2.3 ALTERNATIVE 2

Alternative 2 would allow carriers to file reports online or via regular mail. For online submission, carriers would use an internet portal created by the Agency to fill out an online form that would require the carrier to submit specific information. The Agency would therefore specify exactly what data it would like carriers to report. A paper version of this online form would also be created for carriers that prefer to file the required information by mail. It is anticipated that most reports will be compiled and filed via the online report filing system by administrative staff in motor carrier offices. Regardless of which method of transmission is chosen, the costs for compiling the reports are expected to be the same.

Costs incurred by the carriers

Since this report would specify the data carriers must report, it is likely that it will take motor carriers somewhat longer to compile the necessary response information than would be the case under Alternative 1. We assume that, on average, it will take carriers approximately 2 hours to compile reports under Alternative 2. It is assumed that the reports will be compiled and filed by clerical staff working for the motor carrier, as was described in Alternative 1. As mentioned above, clerical staff makes an average hourly wage of $11.82, or $15.37 when the value of benefits is included. Assuming 2 hours per report filed, the reports would cost each active HHG carrier $30.73 to file. Since carriers must file quarterly reports, this amounts to an annual per-carrier cost of $122.93. Multiplying this figure by the 5,400 current active motor carriers yields a total annual cost of $664,000.

While it is anticipated that most motor carriers will file online reports, some HHG carriers would file reports by mail. Carriers would bear the costs of mailing forms. Although the number of motor carriers who would choose to file by mail is unknown, it is unlikely to be very large. For the purposes of this analysis, we assume that 25 percent of carriers would choose to file by mail. Assuming 25 percent of motor carriers opt to mail forms, FMCSA would expect to receive 5,400 forms by mail a year; and mailing costs would amount to $5,400 annually,

Costs incurred by the Agency

The Agency would incur extra processing costs for mailed reports. If we assume that 25 percent of carriers would choose to file by mail, FMCSA expects to receive 5,400 forms by mail a year. The Agency’s processing costs for these mailed forms, assuming 10 minutes per form for data entry and using the wage estimate for government workers from Alternative 1, above, would be at most $21,000. It would probably be lower.

Alternative 2 would require the Agency to set up the online reporting system that would be used by carriers to submit reports electronically. Consultation with Agency staff involved in construction of similar IT projects indicates that it would cost the Agency approximately $350,000 to construct the online reporting system and associated database. It would cost approximately $20,000 per year to maintain the system after it is constructed. This system would provide basic statistics on all reporting HHG carriers to the public via the internet.

Total Costs for Alternative 2

Table 2 below summarizes the total costs associated with Alternative 2.

Table 2
Costs of Alternative 2

Cost Category	Cost Per Report	Initial Year Total Cost	Later Year Costs	Ten Year Discounted Costs (7 %)
Time to Compile Report*	$30.73	$664,000	$664,000	$4,989,000
Mailing Cost*	$1	$5,400	$5,400	$41,000
Costs to process report**	$4	$21,000	$21,000	$161,000
IT system costs**	na	$350,000	$20,000	$480,000
Total Cost	na	$1,040,400	$710,400	$5,671,000

* Costs to HHG motor carrier industry
** Costs to FMCSA

2.4 ALTERNATIVE 3

This alternative is similar to Alternative 2, except that it would require HHG carriers to file reports via an online reporting system – mail submission of forms would not be accepted.

Costs incurred by the carriers

The time estimates for compiling the reports as described above under Alternative 2 would still apply. For the 5,400 active carriers, annual costs are estimated at $664,000. This cost would reflect the total cost to the industry if each carrier already has internet access. We think that this is a reasonable assumption and that almost all motor carriers of household goods have internet access. However, we welcome comments on whether this is the case.

In order to consider the worst case scenario, we have assumed that 25 percent of HHG carriers may not have access to the internet at their office. We have estimated the cost to these carriers of using an alternative internet access point. Internet access is readily available commercially for those who do not have home or office access. FedEx Kinkos offers computers with internet access for a fee of $0.20 per minute. Given the limited information that is required to be submitted to the Agency under this alternative, it is estimated that the data could be entered in 10 minutes or less, provided the information required had been compiled prior to accessing a computer. It is assumed that the person doing the data entry would be proficient in computing basics and with using the internet. At $0.20 per minute, the associated costs of using a rented computer to submit the report online would be approximately $2.

These costs are double the mailing costs mentioned above under Alternative 2. In addition, although common, publicly available internet access points are less accessible than points at which U.S. mail can be dropped off for delivery. It is likely that the employees of HHG carriers without office internet access would have to travel further to access an internet provider than they would to mail in a form. This extra travel has costs associated with it. Current Federal reimbursement rates are $0.45/mile. We assume that, in comparison to the distance required to access a mailing point, carrier employees will have to travel an extra 10 miles to access an internet service center. This trip is also assumed to take approximately 30 minutes round trip. At $0.45 per mile, and assuming a time reimbursement rate equivalent to that of a general office clerk ($15.37/hour), each trip would cost a carrier $12.19 in time and mileage. For 5,400 trips, the total cost to the industry would be slightly less than $66,000 per year.

Costs incurred by the Agency

The Agency would incur costs of $350,000 to construct the online reporting IT system and $20,000 per year to maintain it. The IT systems costs and the cost of producing a summary report would be the same under this alternative as those described under Alternative 2.

Total costs for Alternative 3

Table 3 summarizes all costs for Alternative 3.

Table 3
Costs of Alternative 3

Cost Category	Cost Per Report	Initial Year Total Cost	Later Year Costs	10 Year Discounted Costs (7 %)
Time to Compile Report*	$30.73	$664,000	$664,000	$4,989,000
Internet Access Costs*	$2	$11,000	$11,000	$81,000
Costs to process report**	$0	$0	$0	$0
Travel Costs*	$12.19	$66,000	$66,000	$495,000
IT system costs**	na	$350,000	$20,000	$480,000
Total Cost	na	$1,091,000	$761,000	$6,045,000

* Costs to the HHG motor carrier industry.
** Costs to FMCSA

2.5 COST SUMMARY

Table 4 below summarizes costs for the three alternatives under consideration. As can be seen, Alternative 1 is the most expensive option, with a total cost of approximately $1.4 million annually. Alternative 3 is somewhat more expensive than Alternative 2, despite the need for the Agency to process paper forms under Alternative 2. The cost difference between these two options is fairly slight, and is driven by the extra cost of travel borne by motor carriers who lack office internet access.

If all motor carriers had office internet access and could file reports electronically, Alternatives 2 and 3 would have identical costs, assuming all HHG carriers submitted data online. If some chose to submit by mail despite having office internet access, Alternative 2 would be slightly more expensive than Alternative 3. This is due to the need for FMCSA staff to manually enter the data from paper forms into the complaints database. The extent of this extra cost would vary depending on the number of carriers who chose mail submission.

The Agency believes that virtually all motor carriers in the HHG segment of the industry have internet access, and would choose to submit forms online. However, FMCSA welcomes comment from motor carriers as to whether they do in fact have internet access, and what their preferred method for submitting these reports would be.

Table 4, below, provides a comparison of the three alternatives based on cost, including 10 year costs discounted at a 7 percent rate. Under Alternative 1, FMCSA would bear approximately 72 percent of the costs of the program, and industry would bear the remaining 28 percent. Carriers bear 92 percent of the costs under Alternative 2, and the Agency bears 8 percent of costs. Under Alternative 3, 95 percent of the costs are born by industry, and 5 percent are born by FMCSA.

Table 4
Cost Comparison, All Alternatives

Cost Category	Initial Year Total Cost	Later Year Costs	Ten Year Costs at 7 Percent Discount Rate
Alternative 1	$1,381,000	$1,381,000	$10,377,000
Alternative 2	$1,040,000	$710,000	$5,670,000
Alternative 3	$1,091,000	$879,000	$6,045,000

3.1 BENEFITS

The purpose of this rule is to comply with a Congressional mandate, and to improve FMCSA's enforcement of rules governing the HHG moving industry. The number of complaints that FMCSA has received has increased in recent years. This may be an indication that service in the industry is declining, and that carriers may not be adhering to FMCSA regulations in dealing with customers. This rule would require carriers to provide the Agency with quarterly reports on the complaints they receive from shippers.

With full compliance from the industry, this requirement should enable the Agency to better detect motor carriers that are not complying with Federal regulations governing the movement of household goods. Improved monitoring should reduce the number of complaints against this segment of the motor carrier industry by assisting the Agency in identifying companies that are out of compliance with consumer protection regulations. Once identified, the Agency can take enforcement action to insure that these carriers comply with consumer protection guidelines. Although the Agency cannot quantify these benefits at this time, we expect that the rule will result in fewer damaged goods, better customer satisfaction, and fewer instances in which carriers attempt to extort inflated payments from individuals by refusing to deliver their goods.

This requirement is not likely to result in any safety benefits. The benefits of this rule would result from the information supplied by carrier-submitted customer service data and verified by FMCSA during compliance reviews. Making this data publicly available would enable consumers to choose an HHG carrier based on past customer service performance, in addition to price. Household goods carriers with poor service records would have a greater incentive to improve customer service. This improvement in service would result in fewer complaints against the industry and fewer disputes that would have to be handled through arbitration or the legal system.

Although the Agency is not able to quantify these benefits at this time, we believe that they are likely to exceed the modest cost of this rule. Administrative fees for arbitrating HHG carrier – shipper disputes vary, but $500 -$700 per dispute is common. With an oral hearing, costs can range from $800 to $1,300 or more. These administrative costs do not include the cost to each party to the arbitration of compiling the necessary documentation or retaining legal counsel, if necessary. They also do not account for the cost of replacing or repairing damaged or lost goods.

Benefits associated with this rule are dependent on motor carriers submitting accurate information to the Agency. Systems that require companies to submit information that reflects poorly on their performance have discouraged full compliance in the past. Although we expect this rule to provide a somewhat accurate measure of the customer service record of HHG carriers, the fact that it relies on self reporting may result in some reporting inaccuracies. However, given the modest cost of this rule, we expect benefits to still be positive without full industry compliance.

4.1 CONCLUSION

This rule would establish a consumer complaint reporting requirement for HHG carriers. The alternatives considered include allowing motor carriers either to submit information in whatever format they think is most appropriate or to submit information in an Agency prescribed form. In addition to determining what format FMCSA will require for the information submission, the Agency must determine how that information will be submitted. One alternative would allow mail or internet submission of information from motor carriers. Another alternative would require submission via the internet, and would not permit motor carriers to mail reports to the Agency.

In comparing the costs of the three alternatives, Alternative 2, the option in which FMCSA defines reporting categories and permits either online or mail report submission, is the least costly alternative. The cost savings are due mainly to eliminating the cost of finding and using a public internet access site for carriers that do not have office internet access. The cost difference between Alternatives 2 and 3 is minimal. If all HHG motor carriers have internet access and choose to use the internet to submit reports, Alternatives 2 and 3 would have the same cost.

INITIAL REGULATORY FLEXIBILITY ANALYSIS

The Regulatory Flexibility Act requires Federal agencies to take small businesses' particular concerns into account when developing, writing, publicizing, promulgating, and enforcing regulations. To achieve this, the Act requires that agencies detail how they have met these concerns by including a Regulatory Flexibility Analysis (RFA). An initial RFA, which accompanies an NPRM, must include the following five elements:

1) A description of the reasons why action by the agency is being considered;

2) A succinct statement of the objectives of, and legal basis for, the proposed rule;

3) A description of and, where feasible, an estimate of the number of small entities to which the proposed rule would apply;

4) A description of the proposed reporting, recordkeeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities which would be subject to the requirements and the type of professional skills necessary for preparation of the report or record;

5) An identification, to the extent practicable, of all Federal rules which may duplicate, overlap, or conflict with the proposed rule.

A discussion of these requirements follows.

1) A description of the reasons why action by the agency is being considered.

This action has been mandated by Congress in section 4214(a)(2) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). In section 4214(a)(2), Congress required the Secretary of Transportation to issue regulations that would require motor carriers of household goods to submit a quarterly report summarizing: (1) the number of shipments by the carrier; (2) the number and general category of complaints lodged by consumers with the carrier; (3) the number of claims for loss and damage exceeding $500 filed with the carrier; and (4) the number of such claims resolved, declined, and pending during the reporting period.

2) A succinct statement of the objectives of, and legal basis for, the proposed rule.

The Motor Carrier Safety Improvement Act of 1999 (Public Law 106-159, December 9, 1999, 113 Stat. 1749), which established FMCSA as a separate agency within DOT, authorized the Agency to regulate motor carriers transporting household goods in interstate commerce for individual shippers. Regulations setting forth Federal consumer protection requirements for movers that provide interstate transportation of household goods are found in 49 CFR part 375. The specific legal basis for the proposed rule is section 4214(a)(2) of SAFETEA-LU, which is described above.

The objectives of this rule are to improve compliance with regulations protecting consumer rights in the household goods (HHG) moving industry. Collecting this information would enable the Agency to provide the public information on how each HHG carrier is performing, which would allow consumers to choose HHG carriers based on customer service performance, as well as price. Once implemented, HHG carriers would have a greater incentive to improve customer service, which would result in improved compliance with customer service regulations and in fewer lost and damaged goods.

3) A description of and, where feasible, an estimate of the number of small entities to which the proposed rule would apply.

According to the Motor Carrier Management Information System (MCMIS) there were 5,407 active HHG carriers in the United States as of April 2006.[6] Household goods carriers in both interstate and intrastate commerce brought in a total of approximately $12.7 billion in revenue in 2002. They employed more than 111,000 people, with a total payroll of over $3.1 billion.[7]

The MCMIS data indicate that the HHG segment employed more than 165,000 drivers as of April 2006. These numbers are somewhat higher than those included in the 2002 Census report. The largest 20 HHG carriers employ 110,541 of these drivers, or roughly 67 percent of the drivers employed by this segment. Some 4,926 HHG carriers employ 20 or fewer drivers, and 4,489 employ 10 or fewer drivers. This industry is made up of a few very large carriers and many small-to-medium sized businesses.

The Small Business Administration's revenue threshold for small businesses in the used household and office goods moving sector (NAICS code 484210) is $23.5 million in annual revenue.[8] The Agency believes that the vast majority of motor carriers in this sector would fall under this threshold. Census Bureau data provide evidence that a large majority of HHG carriers are small businesses.

The Economic Census collects data on the size of establishments in various sectors of the economy. According to the 2002 data, 125 of the 7,225 establishments in the Used Household and Office Goods Moving segment of the economy had revenues that exceeded $10 million per year.[9] These data imply that as many as 98 percent of HHG carriers would qualify as small businesses. However, given that some firms have more

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[6] FMCSA Analysis Division. MCMIS Data Query on Active Household Goods Carriers. April 4, 2006.
[7] U.S. Census Bureau. *Truck Transportation: 2002*. U.S. Department of Commerce, Economics and Statistics Administration. October, 2004.
[8] Small Business Administration. "Small Business Size Standards Matched to North American Industry Classification System" July, 2006. Available online at http://www.sba.gov/size/sizetable2002.html.
[9] The Economic Census counts each storefront or business location of a firm as a separate establishment, which is why there are more establishments than firms in the HHG moving industry. Also, the Census Bureau found a total of 8,642 firms in the HHG moving industry, but only 7,225 were in business for the entire year, which is the number cited above. The Census Bureau also does not collect data whether the firm is engaged in interstate commerce or exclusively in intrastate commerce . Thus, wholly intrastate firms not regulated by FMCSA are shown in the Economic Census data.

than one establishment, the Census figures may underestimate the size of firms in the industry (see footnote 9 for more information).

4) A description of the proposed reporting, recordkeeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities which would be subject to the requirements and the type of professional skills necessary for preparation of the report or record.

This rule would require HHG carriers to submit quarterly reports containing the following data: 1) the number of shipments by the carrier; (2) the number and general category of complaints lodged by consumers with the carrier; (3) the number of claims for loss and damage exceeding $500 filed with the carrier; and (4) the number of such claims resolved, declined, and pending during the reporting period. The information requested is not specialized in nature, and would not require specialized personnel to compile or submit. A general office worker should be capable of compiling and submitting the required information. The classes of small entities subject to these requirements would be household goods motor carriers that qualify as small businesses, i.e. those that have annual revenue below $23.5 million.

5) An identification, to the extent practicable, of all Federal rules which may duplicate, overlap, or conflict with the proposed rule.

The Agency is unaware of any rules that would duplicate this rule.