

advantage of these extra hours, carrier revenue and net income will return to, or surpass, their current levels. (See RIA section 10.3 for further information addressing differential impacts on carriers in different size categories.)

The entities affected by the HOS rules include long-haul and short-haul operations. Chapter 10 of the RIA presents detailed analyses of the effects of the rules on long-haul operations, and shows that any adverse effects of the FMCSA option on small entities would be slight and of very limited duration. That chapter did not examine firms engaged in short-haul trucking due to the small magnitude of the rule's effects on short-haul operations. The FMCSA, however, offers a fuller explanation of the reasons for expecting minimal short-haul impacts here.

The FMCSA has divided this analysis into five sections, covering the affected entities; the definitions of "small" used for the analysis; the number of small entities; the thresholds used for the analysis; the costs of the HOS rules, on average and for the most affected firms; and the factual determination of the numbers of small entities significantly affected.

The basic findings of this analysis are that, although large numbers of small entities are affected by the HOS rules regarding short-haul operation, no significant impacts are projected for substantial numbers of these small entities. The FMCSA finds that among trucking companies, the most heavily affected 7.5 percent of small firms bear costs that average less than 0.8 percent of revenues. Among non-trucking companies that have short-haul operations incidental to their main business, the impacts are even smaller: the most affected small firms bear costs no higher than 0.03 percent of revenues.

#### Affected Entities

Short-haul operations include three basic types of firms:

1. For-hire LTL firms;
2. For-hire TL firms with short average hauls, including local hauls; and
3. Firms in industries other than trucking that operate fleets in short-haul operations for their own purposes (*i.e.*, private carriage).

The LTL firms engage both long-haul and short-haul operations. Their long-haul operations are generally scheduled terminal-to-terminal runs, which are

unlikely to be affected by the HOS rules. Their short-haul operations involve runs from shippers to the terminals to collect freight for the long-haul runs, and then from the terminals to the ultimate destinations for the freight. LTL firms tend to be large, with 35 companies accounting for 85 percent of revenue. The rest of the for-hire firms include both firms that provide local pick-up and delivery services for LTL firms and firms that deliver cargos locally or within a short range. Firms involved in private carriage span a very wide range of industries, including construction; stone, clay, glass, and concrete; groceries and related products; eating and drinking places; and repair services. One common type of operation is the delivery of product along a route to numerous retail outlets.

#### Definition of Small Firms

To determine how many small affected firms there are, we first identified industries in which at least one percent of all employees are truck drivers, using data from the Current Population Survey for 2000. These industries are shown in Table 20, along with SBA's size thresholds distinguishing small and large firms.

TABLE 20.—SMALL BUSINESS ADMINISTRATION'S SIZE STANDARD FOR SMALL BUSINESSES BY NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS)

Industry	NAICS	Size standard in millions of dollars	Size standard in number of employees
Trucking or For-Hire .....	484110, 484210, 484220 .....	\$21.50 .....	Not Applicable.
Private .....	.....	Not Applicable.	.....
Ag, forest, fisheries .....	11 .....	0.75–6.0 .....	500.
Groceries and related products .....	4224 .....	Not Applicable .....	500.
Stone, clay, glass, concrete .....	327 .....	Not Applicable .....	500–1000.
Mining .....	21 .....	6.0 .....	500.
Eating and Drinking Places .....	445 .....	6.0–23.0 .....	Not Applicable.
Wholesale trade (excludes Groceries) .....	42 .....	Not Applicable .....	500.
Petroleum + coal products .....	324 .....	Not Applicable .....	500–1500.
Construction .....	23 .....	12.0–28.5 .....	Not Applicable.
Food and kindred products .....	311, 312 .....	Not Applicable .....	500–1000.
Lumber, wood products, furniture .....	321, 337 .....	Not Applicable .....	500.
Transportation, communications, utilities, except trucking .....	22, 492, 51 .....	6.0–25.0 .....	500–1,500.
Retail trade (excludes Eating and Drinking Places) .....	44, 451, 452, 453, 454 .....	6.0–24.5 .....	Not Applicable.
Pulp, Paper, Printing .....	322, 323 .....	Not Applicable .....	500–750.

These thresholds tend to be at least at the level of 500 employees, or (where the thresholds are not based on employment) in the range of \$6 to \$25 million in revenues.

#### Size Distributions and Numbers of Firms

Table 21 shows the breakdown of firms in these industries in terms of employment. An estimate of the numbers of small firms is shown in the

column at the right, using the size distribution and the approximate size cutoffs developed by SBA. In all affected industries, the large majority of firms are small. In all, over two million affected firms fall into the category of small firms.