

result is a total compliance cost of roughly \$143 per motor carrier in the first year of implementation.

Data from the 1997 Economic Census, SIC 4213 (derived from NAICS Categories 484121, 484122, 484210, and 484230) divides trucking firms into 11

revenue categories, beginning with those firms generating less than \$100,000 in annual gross revenues and ending with those generating \$100 million or more. As stated, "small" trucking firms are defined here as those that generate less than \$10 million in

annual revenues. The 1997 Economic Census divides these firms into eight specific revenue categories. The annual revenue categories, the number of firms in each, and the average annual revenues of firms in each category are listed below in Table 1.

TABLE 1.—AVERAGE ANNUAL REVENUES OF SMALL TRUCKING FIRMS (SIC 4213, "TRUCKING, EXCEPT LOCAL), BY REVENUE CATEGORY

Revenue category (\$1,000s)	Number of firms/% of total small firms	Average annual revenues (\$1,000s)	Compliance costs (\$143), as % of avg. revenues percent	Average pre-tax profit margins, by revenue size (percent)
<\$100	1,487 (5%)	\$67	0.21	9.5
\$100–\$249.9	8,715 (30%)	160	0.09	9.5
\$250–\$499.9	5,687 (19%)	\$356	0.04	9.5
\$500–\$999.9	4,890 (17%)	710	<0.01	9.5
\$1,000–\$2,499.9	4,819 (16%)	1,580	<0.01	2.8
\$2,500–\$4,999.9	2,414 (8%)	3,490	<0.01	2.9
\$5,000–\$9,999.9	1,407 (5%)	7,000	<0.01	3.5
Total	29,419 (100%)

Source: 1997 Economic Census, Sales Size of Firms, NAICS Categories 484121, 484122, 484210, and 484230 aggregated to SIC 4213.

We applied the total first-year regulatory compliance costs (\$10 million) to the number of existing motor carriers in the industry we anticipated would be hiring drivers in that year (70,000). As seen in the above table, the compliance costs of this proposed rule per existing motor carrier (\$143) represent 0.21 percent (or a little more than 2/10 of one percent) of gross annual revenues of the smallest firms (i.e., those with annual gross revenues less than \$100,000). For the second smallest revenue group, compliance costs represent 0.09 percent of gross revenues in the first year.

Data obtained from Robert Morris Associates (RMA) in 1999 on pre-tax profit margins of trucking firms in SIC Code 4213 are contained in the right-hand column of the above table. For all firms with less than \$1 million in annual revenues, the RMA listed average pre-tax profit margins of 9.5 percent. Since the 1997 Economic Census data had additional revenue categories, FMCSA applied the same profit margins (9.5%) to all firms with annual revenues of less than \$1 million. The data reveal that total discounted 10-year costs to existing motor carriers would reduce, although not eliminate average pre-tax profits for carriers in any of the carrier revenue groups. The smallest revenue group in this table (<\$100,000 annual revenues), which represents 5 percent of the firms in the Economic Census table, would experience an average reduction in pre-tax profit margins of 2.2 percent (0.25/9.5=2.2%). For the second smallest revenue group (\$100–\$249.9), which

represents 30 percent of the small carriers in this motor carrier group, pre-tax profit margins are reduced by about 0.9 percent. For the third smallest revenue group, the annual compliance costs associated with this proposed rule are expected to reduce these carriers' average pre-tax profit margins by 0.4 percent.

(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 will be subject to the requirements and the type of professional skills necessary for preparation of the report.*

Reporting. No new reporting to the Federal government or a State is required. New reporting is required by all motor carrier employers of the previous three years to prospective motor carrier employers. For employees who assert their right to disagree with the investigative driver safety performance data reported by that previous employer, those previous employers will also be required to work with their previous employees.

In the case of alcohol and controlled substances all previous employers subject to DOT drug and alcohol regulations or their agents, are required by 49 CFR 40.25(h) to report specified minimum employer investigative safety performance history data for their previous employees to prospective employers upon receiving an investigation.

Data to be provided would include at least the following:

1. Information verifying the driver worked for that employer and the dates of employment.

2. The driver's three-year alcohol and controlled substances history, an increase of one year from the two-year history now required, which will make it the same as the already required three-year retention of this data.

3. Information indicating whether the driver failed to undertake or complete a rehabilitation referral prescribed by a SAP within the previous three years, but only if that information is recorded with the responding previous employer. Previous employers would not be required to seek alcohol and controlled substance data they are not already required to retain by part 382.

4. Information indicating whether the driver illegally used alcohol and controlled substances after having completed a rehabilitation referral, but only if recorded with the responding previous employer. Previous employers would not be required to seek alcohol and controlled substances data they are not already required to retain by part 382.

5. Information indicating whether the driver was involved in any accidents as defined in § 390.5.

Previous employers or their agents for three years after a driver leaves their employ will be required to respond within 30 days to investigations from prospective motor carriers about an applicant and provide at least the minimum information specified in this proposed rulemaking.

Motor carriers are already required to respond to alcohol and controlled