

DDH Notes

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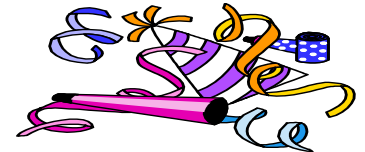
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FEDERAL & STATE UPDATES



Happy New Year

REVIEW OF FEDERAL & STATE CREDENTIALS

Here is an annual review of what permits must be obtained from the federal and state governments. The fuel tax, mileage tax, authority registration, license plates, and other requirements are as follows:

All 48 continental states and most Canadian provinces are in the **International Fuel Tax Agreement - IFTA**. The only IFTA requirement is to have the IFTA decal on both sides of each vehicle with 3 or more axles or over 26,000 GVW, and carry a copy of the IFTA fuel tax license.

There are also four states that have **mileage taxes**: Kentucky, New Mexico, New York and Oregon. New Mexico and Oregon have ports of entry where carriers may purchase temporary HUT permits if they are not set up for the state mileage tax. The state of Kentucky requires that all vehicles over 60,000 GVW be registered in the state prior to operation. If you have vehicles that need to be registered, contact our office. New Mexico requires a highway use registration for vehicles that are over 26,000 GVW. The state of New York has a TMT registration and decal for all combinations over 18,000 GVW and trucks with an empty weight of over 8,000 GVW. Oregon has a tax credential for

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FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION - FMCSA

Electronic Logging Devices are now required for any driver that drives a vehicle or combination vehicle of over 10,000 GVW and operates more than 8 days in any 30 day period or operates over a 100 air mile radius.

Drivers are currently being placed out of service for 10 hours for HOS violations with an ELD. States also have the option to issue fines at this time. The only thing that is extended until April 1, 2018 is that the ELD violation will not affect CSA scores.

There is an ELD waiver for 90 days (until March 18, 2018) for live-stock and agricultural drivers.

The ELD's must be monitored by carriers. There can not be any unidentified driver logs, unverified logs, and missing DVIR's and bill of lading numbers. Carriers must review the violations with their drivers. DVIR defects must be noted and repaired.

All compensated work for you or any other company must be logged as On-Duty. Going for a drug test must be logged as On-Duty.

We are now auditing the ELD's for compliance. Please let our office know if you want to establish this service.

The FMCSA is randomly selecting

carriers to submit their drug and alcohol statistical report for 2017. If selected, the report must be submitted by March 31, 2018.

All companies who are members of our random drug and alcohol testing program and/or our driver qualification file maintenance must keep us updated on any new or deleted drivers.

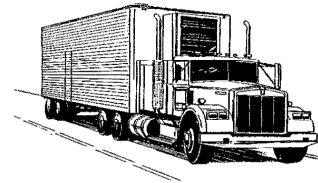
The FMCSA requires that carriers file their financial reports each year with the agency. All carriers that are Class I (adjusted gross revenues of \$3 million or more) must file the annual report "Form M". Quarterly reports are no longer required. Class II carriers (adjusted gross revenues less than \$3 million) are exempt from any filings.

Class I Passenger carriers (adjusted gross revenues of \$5 million or more) must file Form MP-1 annually. Class II passenger carriers (adjusted gross revenue less than 5 million) are not subject to the filing.

Carriers that are just entering a new class may not need to file the returns. There is a worksheet that has an inflation factor for adjusting the last three years of revenue to determine the adjusted gross revenue. This figure is then used to determine the correct class the carrier is in. Form M and Form MP-1 reports are due March 31st.

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FEDERAL & STATE UPDATES



REVIEW OF FEDERAL & STATE CREDENTIALS (CONTINUED)

vehicles over 26,000 GVW.

Federal **Interstate Authority** is required for carriers that operate for-hire across any state border, which requires liability insurance and resident agent filings to be maintained.

DOT Numbers are required for all companies or individuals that have commercial motor vehicles (any vehicle or combination over 10,000 GVW).

Unified Carrier Registration – UCR is required for all private, for-hire, exempt carriers, freight brokers, freight forwarders, and leasing companies. All must register in a base state. An annual fee will be charged for the number of units the company operates and will allow the carrier to operate in all 48 states.

If you pick up and deliver in one state in the same movement you must obtain that state's **intrastate authority**. Companies will only have to renew their intrastate authorities if they do not have federal interstate authority and do not file under the UCR. State insurance filings will need to be filed and maintained for the intrastate operating authority.

All 48 continental states along with the lower provinces of Canada are in the **International Registration Plan - IRP**. Under Full Reciprocity all the states and provinces are listed on your vehicle license registration.

There are other documents in addition to the items mentioned above that should be carried in the vehicle. You must have copies of your liability insurance certificate, your interstate and intrastate operating authorities, plus any specialized permits such as alcoholic beverage transporter, fuel transporter, oversize, and hazardous material permits.

INTERNATIONAL FUEL TAX AGREEMENT - IFTA

All states have extended the 2017 IFTA licenses and decals until February 28, 2018. Contact our office if you do not have your 2018 IFTA license and decals.

MICHIGAN

During springtime, seasonal weight restrictions are in effect on frost-restricted routes. Axle loads are reduced by 25% on rigid-based roads and 35% on flexible-based roads. Most restricted state highways and county roads reduce axle loading by 35%. Speed limits on frost-restricted routes are reduced to 35 MPH for every vehicle over 10,000 GVW. For Michigan frost law information, call (800) 787-8960 or 517-373-6256.

OREGON

The state's highway use tax rates have been increased effective January 1, 2018. The tax is imposed on any vehicle or combination vehicle with a GVW over 26,000 pounds with the tax rate starting at \$.0623 per mile and increasing for

every 2,000 pounds of declared gross weight. An 80,000 pounds combination vehicle the new tax is \$0.2048 per mile.

Carriers with the new vehicle mileage tax credentials must notify us when a vehicle license plate is changed. The Oregon permits are only valid for the plate indicated on the weight receipt. The state is using the IRP plate on the vehicle.

PENNSYLVANIA

The state's Corporate Tax Report in which carriers are required to pay tax on their net worth and corporate income each year has an exemption. The tax must be paid by carriers that travel more than 50,000 loaded miles in the state and make at least one pick-up or delivery in the state or any carrier having five percent or more of their miles in Pennsylvania and has more than 12 trips with pick-ups or deliveries during the year. Other carriers must still file the return but will be exempt from paying taxes if the company does not meet the above de minimis standards.

MORE TAXES

The chart below indicates the specialized tax returns, reports and due dates that are required by states for trucking operations. These tax returns and reports must be filed by all carriers that operate vehicles on the roads of each of these states:

MARCH 15	- NEBRASKA CORPORATION INCOME TAX
MARCH 15	- NEW YORK FRANCHISE TAX AND SURCHARGE TAX RETURNS
MARCH 31	- ARKANSAS MOTOR CARRIER REPORT
APRIL 15	- NEW JERSEY CORPORATION BUSINESS TAX
APRIL 15	- PENNSYLVANIA CORPORATE INCOME REPORT
APRIL 15	- VIRGINIA CORPORATION TAX RETURN
APRIL 30	- MICHIGAN BUSINESS TAX RETURN
MAY 10	- OHIO COMMERCIAL ACTIVITY TAX (Annual Filers)

** Please note that we will not automatically file these returns. We will file the returns that are mailed to us or the ones we are requested to file.



You may contact us if you have any transportation problems or questions.

Dave