

## 2018/2019 Fee Recommendation to FMCSA

The current UCR Fee level, in effect since the 2010 Registration year, has produced registration revenue for the 2016 Registration year in excess of \$112,777,059.81, which represents the revenue requirement approved in the 2010 Fee rulemaking and subsequently reapproved each succeeding year in the FMCSA letter announcing no change in the UCR Fee level for Registration years 2011-2017. The \$112,777,059.81 revenue requirement represents the combined state revenue entitlements of \$107,777,059.81 and the UCR Plan’s budget of \$5,000,000.00 for administrative costs of operating the UCR Plan and Agreement.

Section 14504a(h)(4) of the UCR Act directs that in the event the fee produces excess funds above the state entitlements and administrative costs of the UCR Plan and the UCR Agreement, then such funds shall be held in the Depository and the fees charged for the next fee year “shall be reduced by the Secretary accordingly.”

The amounts collected so far for Registration year 2016 and the projections for the remainder of the registration period are set forth in the table below:

<b>2016 Collections and Projections</b>	
<b>2016 Cap</b>	\$ 112,777,059.81
<b>2016 Collections (thru Dec 2016)</b>	\$116,133,755.00
<b>Excess collections</b>	
\$	(3,356,695.19)
<b>Projection Jan 2017-Dec 2017 (3 avg)</b>	
\$	(1,588,033.00)
<b>Projection Jan 2017-Dec 2017 (3 min)</b>	
\$	(1,332,921.00)
<b>Collected + Projected (3 avg)</b>	
<b>\$</b>	<b>(4,944,728.19)</b>
<b>Collected + Projected (3 min)</b>	
<b>\$</b>	<b>(4,689,616.19)</b>

Using the actual collections through December 2016 and a projection of the remaining 12 months of the 2016 Registration period consisting of the sums of the minimum collections of these months from the past 3 years, a total excess revenue in the amount of \$4,689,616.19 is projected for the 2016 Registration year. This amounts to an excess of approximately 4.16% (4.1583%) over the \$112,777,059.81 revenue requirement. To calculate the fee reduction required for the next fee year (Registration year 2018) is a two-step process: 1) reduce the fee

such that it produces revenue at the \$112,777,059.81 amount, and 2) reduce the fee to account for the excess that is held in the Depository pursuant to section 14504a(h)(4). This second step in effect “refunds” the excess collected in 2016. The resulting fee levels are presented in the table below:

Fee (current)	\$76.00	\$227.00	\$452.00	\$1,576.00	\$7,511.00	\$73,346.00
Fee (3min) Step 1	\$73	\$218	\$433	\$1,510	\$7,199	\$70,296
Fee (3min) Step 2	\$70	\$208	\$414	\$1,445	\$6,886	\$67,246

However, under the policy set forth in the 2010 Fee rulemaking, a fee set by the Secretary shall remain in effect until a new fee is subsequently set. In this case, a fee reduction of the full 8.3166%, represented by the Step 2 amounts in the above table, would leave the UCR Plan below its revenue requirement in 2019. Therefore, the proposed reduction should be a two-part proposal:

- 1) For the 2018 Registration year, reduce fees by 8.3166% as set forth in Step 2 of the above table.
- 2) For the 2019 Registration year, set fees as set forth in Step 1 of the above table to ensure that the revenue requirement will be met going forward after the “refund” in 2018.

An analysis of 2017 fees will likely lead to a different fee recommendation for 2019, but prudence and our fiduciary obligations require us to account for the possibility, and perhaps probability, that an adjustment based on 2017 revenues would not occur in time for the 2019 Registration period. Using this methodology on a going forward basis would insure that all excess funds are accounted for and “refunded” and that the revenues each year will be sufficient to meet the revenue requirements called for by the statute.