

The Keys to Success

A Getting Started Guide for New Motor Carriers





Congratulations!

You've made the decision to become a motor carrier. Carriers are essential workers and the backbone of the economy, because nothing moves without you. It's also one of the best ways to become a business owner.

But it's important to know that getting started in trucking is more than just buying a truck and hitting the road. Whether you plan to be an over-the-road trucker or use vehicles as part of other work for your business, **you need the right authority and credentials to comply with the industry's rules and regulations.**

These rules and regulations are written and enforced by the Federal Motor Carrier Safety Administration (FMCSA) and are collectively known as the Federal Motor Carrier Safety Regulations (FMCSRs).

So let's review the types of authority and credentials you need to hit the road as a successful motor carrier. To learn how J. J. Keller can remove compliance burdens and manage your DOT authority, visit TruckingAuthority.com.

YOUR BUSINESS

Private or For-hire Carrier?

To start, you'll need to register with the FMCSA as either a private or a for-hire carrier.

A private carrier transports only its own goods or people in a non-transportation-related business venture. Examples include a manufacturer that uses its own commercial vehicles to transport its products or a construction or landscaping company that uses commercial vehicles to transport equipment and employees to job sites.

For-hire carriers use vehicles to transport people or property that are not part of the carrier's business, and charge for the service. The fee could be a direct fee, like a fare or rate, but could also be other indirect forms of compensation. Examples of for-hire operations include a trucking company that hauls other people's property for a fee or a bus company that charges people for rides.

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Most new motor carriers operate as for-hire, which requires for-hire authority. Having this authority is often referred to as having an [MC number](#). **The most common types of authority are property for-hire, passenger for-hire, household goods, broker and freight forwarder.** Separate authority is needed for each type of service offered.

To obtain for-hire authority, carriers must also designate process agents and demonstrate financial responsibility (which we'll explain later on).



CMV or Non-CMV?

Next, you'll need to determine if you'll be operating a CMV (commercial motor vehicle), because CMV drivers must meet certain requirements that non-CMV drivers do not.

A CMV is a vehicle that is:

- Used in interstate commerce that weighs (actual or rated, single or in combination) 10,001 lbs. or more,
- Required to be placarded for hazardous materials, or
- Designed to transport more than 8 passengers (for compensation) or more than 15 passengers (not for compensation).

CMV drivers are required to:

- Be trained to be knowledgeable and compliant with the safety regulations
- Be qualified to operate a CMV
- Follow federal and state driving rules
- Know the parts and accessories necessary for the safe operation of the vehicle operated
- Adhere to the hours-of-service limits and not be ill or fatigued
- Know how to conduct a vehicle inspection and report safety defects

CDL or Non-CDL?

Vehicles that require a CDL (commercial driver's license) are:

- Used in interstate or intrastate commerce that weigh (rated or actual) 26,001 pounds or more,
- A combination of vehicles with a combined weight of 26,001 pounds or more, including a trailer weighting (rated or actual) 10,001 pounds or more,
- A vehicle required to be placarded for hazardous materials, or
- A passenger vehicle designed to seat 16 or more.

Drivers who operate a vehicle that requires a commercial driver's license (CDL) need:

- Additional entry level training,
- A commercial license (indicating any additional endorsements or restrictions)
- To be included in the carrier's drug and alcohol testing program.

Actual vs. Rated— What's the Difference?

A vehicle's *actual* weight is the weight of the vehicle together with its passengers and payload. The rated weight is the weight the manufacturer has determined as the maximum weight the vehicle can safely operate at.

FMCSA compliance can be a pain. Let J. J. Keller handle it for you. Call 888-473-4638 or visit [TruckingAuthority.com](https://www.TruckingAuthority.com)



Interstate or Intrastate?

You're an **interstate carrier** if your vehicle or the property or passengers being transported do any of the following:

- Cross a state boundary
- Cross an international boundary into or out of the United States
- Has origination and destination points within a state, but passes through another state or country during transport

Interstate carriers must always comply with the FMCSRs.

You're an **intrastate carrier** when your vehicle:

- Does not cross a boundary, and the property or passengers being transported have not — and will not — cross a boundary

In this situation, you must comply with the safety regulations in the state of operation. However, in many states their regulations are nearly the same as the federal regulations.

YOUR OPERATING AUTHORITY

USDOT Number

Since the FMCSA actively tracks how compliantly and safely a carrier operates, they need a way to track the data collected. A **USDOT number** is a unique identifier used to collect data and monitor your company's safety information acquired during audits, compliance reviews, crash investigations, and roadside inspections.

All carriers that operate CMVs in interstate commerce must register with the FMCSA to obtain a USDOT number.

In addition, **intrastate carriers in these 36 states must obtain a USDOT number:**

- | | | |
|---------------|-----------------|------------------|
| • Alabama | • Kentucky | • North Carolina |
| • Alaska | • Maine | • Ohio |
| • Arizona | • Maryland | • Oklahoma |
| • California | • Massachusetts | • Oregon |
| • Colorado | • Michigan | • Pennsylvania |
| • Connecticut | • Minnesota | • South Carolina |
| • Florida | • Missouri | • Texas |
| • Georgia | • Montana | • Utah |
| • Idaho | • New Jersey | • Washington |
| • Indiana | • New York | • West Virginia |
| • Iowa | • Nebraska | • Wisconsin |
| • Kansas | • Nevada | • Wyoming |

Intrastate carriers that transport hazardous materials requiring a safety permit must also register for a USDOT number.



Your USDOT number and company name must be marked on both sides of your vehicle.

The FMCSA strongly prefers that individual terminals or divisions which are not a legal entity report through a single corporate USDOT number. This also means that related entities cannot share a USDOT number.

Multiple USDOT numbers can never be created for the purpose of evading statutory or regulatory requirements, an FMCSA order, enforcement action or negative compliance history.

Registering for Your USDOT Number


If you meet the criteria above requiring you to obtain a USDOT number, you must register by filing an MCSA-1 form with the FMCSA using the Unified Registration System (URS). Once activated, your USDOT number allows you to operate commercial vehicles. However, it will not be activated until all the initial filing requirements are completed.

Registration requires:

- Basic company demographics
- The full legal business name as it appears on the articles of organization, or the complete corporate name as it appears on the incorporation certificate, complete with any suffixes
- A physical address (not a P.O. box or the address of a consultant, service agent, or an attorney unless they also engage in operations at that location)

Get Started!

[Click here](#) to find out how J. J. Keller can handle the entire process for you!



MCS-150

Carriers with a USDOT number must also file a Motor Carrier Identification Report (MCS-150) every two years. The biennial filing schedule is determined by your USDOT number. If the next-to-last digit of your USDOT number is odd, your update must be filed in every odd-numbered calendar year. If the next-to-last digit of your USDOT number is even, your update must be filed in every even-numbered calendar year. The last digit of your USDOT number determines the month to file in (see chart at right).

If your USDOT number ends in:	You must file by the last day of:
1	January
2	February
3	March
4	April
5	May
6	June
7	July
8	August
9	September
0	October

Process Agents

A [process agent](#) is your “statutory agent.” **They must be sourced and named in each state you operate in.** These agents receive notice on your behalf of any actions against you in that state. By acting as a conduit between the legal system and your operation, they eliminate the need to search for your location in the event any court actions are served against you in the jurisdiction in which the event occurred.



Financial Responsibility

Any time a CMV is involved in an accident, the results can be catastrophic. Even more so if the vehicle is transporting passengers or hazardous material. Therefore, **your mandated levels of financial responsibility are between \$750,000 and \$5,000,000**. This coverage is typically met through insurance policies.

MANDATED LEVELS OF FINANCIAL RESPONSIBILITY	
\$300,000	Non-hazardous freight moved in vehicles weighing less than 10,001 lbs.
\$750,000	Carriers operating vehicles weighing more than 10,000 lbs
\$1,000,000 or \$5,000,000	Carriers transporting hazardous materials (variance depends on the danger level of the commodity and the quantity being transported)
\$1,500,000 or \$5,000,000	Passenger carriers, with the greater amount reserved for larger vehicles capable of transporting more than 15 passengers

Unified Carrier Registration

The [Unified Carrier Registration](#) (UCR) is part of a federally-mandated program where states collect fees from motor carriers and other entities based on the number of qualifying commercial motor vehicles in their fleets.

Who is subject to UCR registration?

- Private, for-hire, and exempt property carriers
- For-hire passenger carriers
- Brokers, freight forwarders, and leasing companies

Who is exempt from UCR?

- Intrastate-only carriers
- Private passenger carriers, such as church buses

UCR requires an annual registration and fee payment and uses a bracket fee structure based on the number of vehicles you own or operate. The number of vehicles reported on your UCR registration may be either:

- The number of CMVs reported on your last MCS-150, or
- The total number of vehicles you owned and operated for the 12-month period ending June 30 of the prior year

It's important not to make a mistake regarding vehicle count because by misreporting vehicles you can end up paying more in UCR fees than required or be subject to review if the vehicle count is underreported.



See how J. J. Keller's **DOT Authority Monitoring Service** ensures you always have the proper operating authority so you can focus on your business!

Pipeline Hazardous Material Safety Administration (PHMSA) Registration

All for-hire and private carriers transporting placardable amounts of hazardous materials, including hazardous wastes, must complete this registration annually.

Administered by [PHMSA](#), the program requires you to have a current certificate of registration before you offer or transport hazmat requiring registration.

Hazardous Material Safety Permit (HMSP)

This program is reserved for **haulers of extremely dangerous materials.**

The permit is issued after an MCS-150B (or the MCSA-1 for new carriers) is filed with the FMCSA. There are no fees directly tied to the permit application process and if you have a good safety rating, it's relatively easy to obtain.

All carriers that have an HMSP must comply with the security plan requirements of the Hazardous Materials Regulations (HMRs) to enhance the security of hazardous materials transported in commerce.



YOUR VEHICLE CREDENTIALS

CMV Registration

All CMVs must be legally registered so states can be compensated to maintain the highway infrastructure those vehicles operate on. Registration can mean a **state base plate**, a **restricted plate** or an **International Registration Plan (IRP)-apportioned plate**.

State base plates and restricted plates (e.g. a dealer plate or manufacturer plate) are valid only in the state in which they were issued. If you're intending to operate in interstate commerce with vehicles displaying base plates or restricted plates, you're subject to the registration requirements of the intended state(s) of operation. Registration fees are typically based on the maximum gross weight of the vehicle or combination operated.

International Registration Plan (IRP)

All qualified interstate CMVs are subject to IRP, either through permanent IRP credentials (apportioned plates) or through trip permits.

What's A Qualified Interstate CMV?

It's a power unit used in two or more member jurisdictions for the transportation of persons for-hire or for the transportation of property, and:

- Has two axles and a gross vehicle weight or registered gross vehicle weight in excess of 26,000 lbs., or
- Three or more axles, regardless of weight, or
- The gross combination weight exceeds 26,000 lbs.

Using IRP, you register in a single base jurisdiction and your vehicle is granted registration in all member jurisdictions. You'll be issued a cab card, which lists the weight for which your vehicle will be registered in all jurisdictions. Because your vehicle is registered in all IRP jurisdictions, registration-based trip permits for your IRP-plated vehicle will not be required.

The IRP registration fees are divided in proportion to the distance traveled in each jurisdiction by the vehicle.

All miles traveled in each state must be tracked, recorded, and reported to the base state.

Additional IRP filings are required when adding or deleting a vehicle, increasing the vehicle weight, or transferring a plate from one vehicle to another.

International Fuel Tax Agreement (IFTA)

IFTA is a program used in the lower 48 states and the Canadian provinces for the collection and fair distribution of fuel use tax revenue. **IFTA allows you to obtain a single license and file quarterly tax returns with a single base jurisdiction.**

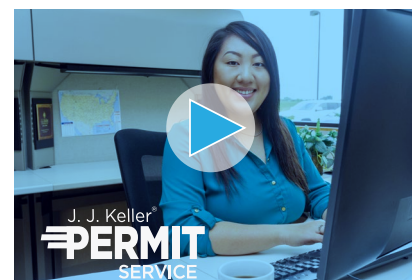
The program uses the same definition of a qualified CMV as IRP, but the fees are determined by the state or province's fuel tax rate rather than the weight of the vehicle. The base jurisdiction distributes the fuel taxes paid based on the miles traveled in each state or province

Accurate recordkeeping is important for compliance and to help you make sure that you don't pay more in fuel taxes fees than what's required.

Heavy Vehicle Use Tax (HVUT)

This is a federal excise tax that provides funds for the U.S. transportation infrastructure. **Vehicles with a taxable gross weight of 55,000 pounds or more are subject to the tax.** The tax applies to intrastate, interstate, private, and for-hire carriers.

If you're subject to this tax, you'll file IRS Form 2290 and a Schedule 1. The schedule is used to list all reportable vehicles by category and VIN number. If you have 25 or more vehicles, you're required to [file HVUT electronically](#). But all carriers are encouraged to file electronically for faster processing.



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State Weight Distance Taxes

[Connecticut](#), [Kentucky](#), [Oregon](#), [New Mexico](#), and [New York](#) all have weight-distance taxes in addition to IRP, IFTA, and HVUT. These fees are based on your gross vehicle weight or gross combination weight and the miles operated in the state.

STATE WEIGHT DISTANCE TAXES	
Connecticut weight-distance tax	For vehicles weighing 26,000+ lbs.
Kentucky weight-distance tax	For vehicles weighing 60,000+ lbs.
Oregon weight-distance tax	For vehicles weighing 26,001+ lbs.
New Mexico weight-distance tax	For vehicles weighing 26,001+ lbs.
New York highway-use tax (HUT)	For CMV's with a gross weight of 18,000+ lbs.; straight trucks with an empty weight of 8,000+ lbs.; or truck tractors weighing 4,000+ lbs.



YOUR ACCOUNTABILITY

New Entrant Safety Audit

The FMCSA is required to closely monitor and audit every single new carrier.

A new-entrant safety audit is conducted within the first 18 months of a carrier beginning operation and is a review of the new carrier's records and operation. As a new motor carrier, you must pass this audit or lose your USDOT number and cease operations.

New entrant audits and ongoing compliance reviews are usually done by appointment and are conducted by safety investigators employed by the FMCSA or the state. When done onsite, they're conducted at your principal place of business and involve an examination of the records you're expected or required to develop and retain.

Compliance, Safety, Accountability (CSA) Program

The CSA program tracks and measures roadside inspection and crash data to identify and monitor motor carriers that appear to have an elevated safety risk. This data is analyzed, numerically scored, and organized into one of seven critical safety areas called Behavior Analysis and Safety Improvement Categories (BASICS). The seven BASICS are:

- Unsafe driving
- Hours of service
- Driver fitness
- Controlled substances and alcohol
- Vehicle maintenance
- Hazardous materials
- Crash indicator

The goal for you is to maintain low scores in each of the seven BASICS, because the lower your score the less chance of an intervention and corrective action taken against you by the FMCSA.

Roadside inspections are carried out by state troopers or motor carrier enforcement officers who are trained to follow the North American Standard Inspection procedures.

4 Most Common Reasons for Audits & Compliance Reviews

1. You're a "new-entrant carrier" who just received a USDOT number
2. You have a high score in one of the CSA BASICS
3. You've had a safety complaint logged against you
4. You were involved in a serious crash



Worried About Violations?

[Click here](#) to learn how J. J. Keller can protect your fleet from violations and out-of-service orders due to not having the proper authority.

Does the CSA Program Apply to you?

The CSA program applies to:

- Carriers with a USDOT number who operate CMVs in interstate commerce
- Carriers operating vehicles with a placardable amount of hazardous materials,
- Intrastate carriers when the CSA data is used by their state of operation

OPERATING AUTHORITY ESSENTIALS

There isn't a perfect path for becoming a motor carrier, but this checklist will help ensure you have the proper operating authority to run your new business.

Type of operation:

For-hire or private _____ Inter- or intrastate _____
Number of vehicles _____ Number of drivers _____
Commodities to be carried _____ Property and/or passenger _____

Business registration:

FMCSA (MCSA-1):

- Authority: for-hire, broker, etc.
- Hazardous Material Safety Permit (HMSP)

PHMSA if hauling placardable amounts of hazardous materials

States if (or also) operating intrastate

Insurance:

Obtain required amount

For all for-hire, passenger, and most hazardous material, insurer provides:

- Endorsement (MCS-90)
- Proof of coverage to FMCSA

Designate process agent(s) (for all for-hire, passenger, and most hazardous material carriers)

Vehicle Credentials:

Registration:

- IRP or State-specific

Fuel Tax:

- IFTA or Temporary Trip Permits

State-specific weight-distance taxes:

- New York New Mexico
- Kentucky Oregon
- Connecticut

Vehicle Markings

Periodic Inspection

File Heavy Vehicle Use Tax (HVUT)

File Unified Carrier Registration (UCR)



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- For-Hire Operating Authority
- Unified Carrier Registration (UCR)
- Designation of Process Agents
- PHMSA Hazardous Material Registration
- Federal Hazmat Permits
- State Hazmat Alliance Transport Applications
- USDOT Registration
- USDOT Number Consolidations
- And more



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We'll keep your company compliant with complex motor carrier tax and registration requirements, state IFTA and IRP requirements, and fuel tax reporting obligations.

ABOUT THE AUTHOR

RICK MALCHOW, INDUSTRY BUSINESS ADVISOR

Rick's areas of specialty include operating authority, motor carrier safety and operations management. Prior to joining the J. J. Keller team, Rick worked in the transportation industry for over 13 years. He's a firm believer that safe operations, productivity, profitability, and effective relationships must coexist to be truly successful as a carrier. In addition to his "where the rubber meets the road" experience, he also has expertise in transportation rating, collection, and process improvement



ABOUT J. J. KELLER & ASSOCIATES, INC.

Since our beginning in 1953, J. J. Keller has grown to become the transportation industry's most respected name in safety and regulatory compliance. Our 1,500 associates serve over 500,000 customers — including over 90% of the Fortune 1000® companies. Transportation professionals rely on us to reduce their risk and improve regulatory compliance. For more information, visit JJKeller.com.

A promotional graphic for J. J. Keller & Associates, Inc. It features a blue sky background with a white play button icon in the center. The text "J. J. Keller & Associates, Inc." is written above the play button. Below the play button is the company logo, which consists of a stylized 'K' inside a diamond shape, followed by the text "J. J. Keller & Associates, Inc." and "Since 1953". Below the logo, the text reads: "Learn why more companies trust **J. J. Keller®** for safety and compliance!"

J. J. Keller's Purpose

To create safer workplaces and highways, so your employees thrive and return home each day to the families who love them.



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