

DEPARTMENT OF TRANSPORTATION**Research and Special Programs
Administration****49 CFR Part 107**

[Docket No. RSPA-00-8439 (HM-208D)]

RIN 2137-AD53

**Hazardous Materials: Temporary
Reduction of Registration Fees****AGENCY:** Research and Special Programs
Administration (RSPA), DOT.**ACTION:** Final rule.

SUMMARY: RSPA is reducing the registration fees paid by persons who transport or offer for transportation in commerce certain categories and quantities of hazardous materials, in order to eliminate the unexpended balance in the Hazardous Materials Emergency Preparedness Grants Fund. RSPA is also revising its regulations to provide that a not-for-profit organization will pay the same registration fee as a small business.

EFFECTIVE DATE: March 3, 2003.

FOR FURTHER INFORMATION CONTACT: Mr. David Donaldson, Office of Hazardous Materials Planning and Analysis, (202) 366-4484, or Ms. Deborah Boothe, Office of Hazardous Materials Standards, (202) 366-8553, Research and Special Programs Administration, U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590.

SUPPLEMENTARY INFORMATION:**I. Background**

Since 1992, the Research and Special Programs Administration (RSPA) has conducted a National registration program for persons who offer for transportation or transport certain hazardous materials in intrastate, interstate, or foreign commerce, under the mandate in 49 U.S.C. 5108. The purposes of the registration program are to (1) gather information about the transportation of hazardous material and (2) fund the Hazardous Materials Emergency Preparedness (HMEP) grants program that supports hazardous material emergency response planning and training activities by States, local governments, and Indian tribes and related activities. See 49 U.S.C. 5108(b), 5116. The law gives RSPA discretion to require additional persons to register, beyond those offerors and transporters of the categories and quantities of hazardous materials listed in 49 U.S.C. 5108(a)(1), and to set the annual registration fee between \$250 and

\$5,000. See 49 U.S.C. 5108(a)(2), 5108(g)(2)(A).

Until 2000, only those persons who offered or transported the categories and quantities of hazardous materials set forth in § 5108(a)(1) were required to register, and the annual registration fee was set at the minimum level of \$250 (plus a processing fee of \$50). In each year through the July 1, 1999–June 30, 2000 registration year, the total registration fees collected by RSPA amounted to less than one-half of the total \$14.3 million intended by Congress for training and planning grants and grant-related activities.

In a final rule published in the **Federal Register** (65 FR 7297) on February 14, 2000, RSPA expanded the base of registrants and adopted a two-tiered fee schedule under which the registration fee was set at \$275 for a person meeting the Small Business Administration (SBA) criteria for a small business, and \$1,975 for other persons (plus a \$25 processing fee in all cases). A greater-than-anticipated number of persons has paid the higher registration fee applicable to a larger business. As a result, RSPA has collected more than \$21 million in each registration year since 2000. These collections have created a surplus (unexpended balance) in the HMEP Fund because the current annual grants program obligations are limited to the \$14.3 million designated by Congress. Section 5108(g)(2)(B) of 49 U.S.C. requires RSPA to adjust the amount being collected “to reflect any unexpended balance” in the HMEP Fund. Therefore, on December 7, 2000, we published a notice of proposed rulemaking (NPRM) in this docket proposing to temporarily lower the registration fee for all registrants for six registration years to \$250 (plus a \$25 processing fee) for small businesses and \$475 (plus a \$25 processing fee) for all other persons. 65 FR 76890. In addition, we proposed to specify that a not-for-profit organization (regardless of its size) pay the same fee as a small business; to reflect SBA’s replacement of the Standard Industrial Classification (SIC) code system with the North American Industry Classification System (NAICS), and to allow payment by credit cards not previously authorized.

On September 16, 2002, RSPA published a final rule under Docket HM-208E (67 FR 58343) adopting the NAICS codes, allowing payment methods not previously authorized, and permitting registration via the Internet. However, we have delayed taking final action on the fee-related proposals in the December 7, 2000 NPRM because

our budget requests to Congress for FY 2002 and FY 2003 proposed to fund a portion of RSPA’s hazardous materials safety program from the excess registration fees (above the \$14.3 million specified to be used for training and planning grants and grant-related activities). See the status documents we published in the **Federal Register** on May 2, 2001 (66 FR 22080), and March 14, 2002 (67 FR 11456). Since these proposals were not adopted by Congress in the FY 2002 DOT appropriations and the FY 2003 DOT appropriations bill is pending, we are now taking final action on the fee-related proposals in the December 7, 2000 NPRM.

**II. Discussion of Comments and
Regulatory Changes****A. General**

RSPA received approximately 20 written comments to the December 7, 2000 NPRM. The commenters included representatives of organizations and individuals engaged in all modes of transportation of hazardous materials, agricultural retailers, petroleum marketers and distributors, chemical manufacturers, and industry associations representing a broad spectrum of businesses that transport or offer for transport hazardous materials.

B. Reduction of Registration Fees

Commenters supported reduction of the registration fees. However, some commenters opposed certain aspects of RSPA’s proposal. Some commenters stated that RSPA should return to a single flat fee system or eliminate the requirement that a person must register if it offers or transports a quantity of hazardous materials required to be placarded.

For example, the American Trucking Associations (ATA) stated that it supports “the efforts of RSPA to adjust and refund registration fees in order to comply with statutory limits set forth in the HMTL,” but it “still disagree[s] with the need for a two-tiered registration fee.” National Tank Truck Carriers (NTTC) also “continues to believe that RSPA should reinstate a “single fee” system (as opposed to the proposed two-tiered structure).”

The Petroleum Marketers Association of America (PMAA) stated that RSPA “should revise the registration criteria by temporarily eliminating the requirement that all persons who offer for transportation or transport hazardous materials required to be placarded be registered. However, if the agency will not eliminate this particular group of registrants from the fee requirement, PMAA believes that

temporarily reducing the registration fee for all persons required to register is the best solution in eliminating the unexpended balance.”

The Fertilizer Institute (TFI) suggested that “RSPA consider capping the registration fee at \$700 for other than small businesses, while leaving small business entities, minus the farm sector, at the current \$250.” TFI also urged RSPA to eliminate the registration requirement for a person who offers or transports hazardous materials that require placarding. TFI suggested that if RSPA insisted that all placarded loads require registration, then agricultural retailers and farm cooperatives should be specifically exempted from the registration requirement.

The Petroleum Transportation & Storage Association (PTSA) suggested that RSPA eliminate the administrative fee for all registrants and the registration fee for small cargo tanks under 3,500 gallons. PTSA urged RSPA “to use the unexpended funds to eliminate the annual registration fee for these ultra small shippers.”

The National Propane Gas Association (NPGA) opposed the proposed reduction in the registration fees as being a “disproportionate fee reduction for large businesses over small companies” and adding additional confusion for companies trying to learn and comply with the registration requirements.

The International Sanitary Supply Association (ISSA) recommended that RSPA: (1) Eliminate the surplus over a four-year instead of a six-year period; (2) reduce the fees for small businesses to \$150, and (3) reduce the fees for other than small businesses to \$1,180.

On July 1, 2002, fifteen industry associations filed a lawsuit in the United States District Court for the District of Columbia asking for an order prohibiting RSPA from collecting any additional registration fees until RSPA adjusts the amount being collected to eliminate the unexpended surplus in the registration fee account. Counsel for plaintiffs in that lawsuit stated that 49 U.S.C. 5108(g)(2)(A) gives DOT the authority to go below the statutory minimum when it is trying to reduce any unexpended balance.

In the final rule (Docket No. HM–208C) we concluded that the registration program should: (1) Be simple, straightforward, and easily implemented and enforced; (2) employ an equity factor that reflects the differences between the risk imposed on the public by the business activities of large and small businesses; (3) ensure the adequacy of funding for the HMEP grants program; and (4) be consistent

with the law. See 65 FR 7303. We found that the most appropriate way to meet these objectives was to expand the category of persons required to register to include all persons who offer for transportation or transport hazardous materials that require placarding (with a limited exception for farmers) and to adopt a two-tiered fee schedule under which persons meeting the SBA criteria for defining a small business would pay a lower fee than larger businesses.

For all the reasons discussed in the February 14, 2000 final rule, we still believe that the findings and conclusions discussed in that rule are justified and, as far as possible, should be followed in adjusting the registration fees to reduce the unexpended surplus in the HMEP grants fund. Therefore, we disagree with suggestions that we except from registration persons added in the 2000 final rule. The present system, using the placarding requirement as a primary determinant, is risk-based and facilitates enforcement—especially by State and local enforcement personnel.

The recommendation that the processing fee be eliminated and replaced by an increase in the grants fee for registrants that do not meet the SBA standards for a small business did not take into consideration that the costs of processing the registration statement are not expenses authorized to be paid from the grants account. The costs of administering the registration program are provided in the Department’s annual budget authorizations from General Treasury funds—unlike the grants program expenses, which are statutorily authorized to be paid from the grants account. Although the separate statutory authority for the processing fee is permissive, it is the Department’s understanding that this permissive authority reflects Congressional intent that the registration program costs be covered by collection of that fee.

When the NPRM was published in December 2000, we estimated that the unexpended balance in the grants fund was approximately \$8.5 million (65 FR 76890, December 7, 2000). Since that time, two further collection cycles have occurred. The number of registrations received during a fiscal year (including registrations for prior years and fees paid in previous years for the current registration year) has remained constant at approximately 41,000, as has the percentage of registrants that have paid the larger business fee (approximately 15 percent). We currently estimate that, as of October 1, 2002, the unexpended balance in the grants fund was approximately \$25 million.

Because of this increase in the unexpended balance, RSPA believes

that it is necessary to adopt reductions in the registration fees that are even greater than originally proposed. Therefore, we are temporarily (for three years) reducing the registration fee for small businesses and non-profit organizations (regardless of their size) to \$125 (plus a \$25 processing fee) and for all other registrants to \$275 (plus a \$25 processing fee). RSPA is able to set the fee level for small businesses below the usual statutory minimum of \$250 because the minimum (49 U.S.C. 5108(g)(2)(A)) is subject to the requirement (49 U.S.C. 5108(g)(2)(B)) that the Secretary adjust the amount being collected to reflect any unexpended balance.

Under this temporary fee system, we estimate that we will collect approximately \$6.0 million each fiscal year, thus decreasing the grants fund balance by approximately \$8.3 million a year. This estimate depends on the number of persons registering for the current and prior years remaining constant and the authorization for the HMEP grants program remaining constant at \$14.3 million per year. At this rate of reduction, it will take about three years to deplete the surplus. Therefore, RSPA is temporarily reducing the registration fee for three years.

In the NPRM, we stated that we were not making a “permanent” change in registration fees because of uncertainty about the final registration numbers. We also stated that, within three years of the end of the proposed temporary six-year reduction in the registration fees, RSPA would reevaluate the registration fees. Because we have had three years under the new registration criteria and in order to ensure that no unnecessary surplus is created, we are now revising registration fee levels for the years after the period of temporary reduction.

Applying the objectives stated in Docket HM–208C, RSPA has determined that, beginning in registration year 2006–2007, small businesses and non-profit organizations (regardless of their size) should pay a registration fee of \$250 (plus a \$25 processing fee) and all other persons required to register should pay a registration fee of \$975 (plus a \$25 processing fee). Under this fee structure, we estimate that we will collect approximately \$14.5 million per year.

We recognize that, depending on many factors that may vary over the years (including registrations received for prior years and unexpended grant obligations), it may take more or less than three years to deplete the current surplus. We also recognize that the fee structure that would go into effect with the 2006–2007 registration year may

need to be revised to avoid accumulating an unexpended balance. Consequently, RSPA will reevaluate the account balance and the fee levels, during the 2005–2006 registration year.

C. Not-for-Profit Organizations

We received comments in favor of and against the proposal to establish the registration fee for not-for-profit organizations at the same level as for small businesses. For example, ATA and PMAA supported the proposal to designate all not-for-profit organizations as small businesses. However, PMAA added that:

The definition for a not-for-profit organization should be limited to 26 U.S.C. 501(c)(3) [because] many “large businesses,” including electric multistate cooperatives, are classified as not-for-profit organizations. To reduce their fee to the same level as the fee for small business would be unfair, since these particular organizations compete with many small businesses.

In contrast, IME and NPGA opposed this proposal. IME stated that “RSPA compounds the error of a fee based on business size by suggesting that an organization’s educational, religious, charitable and other similar purposes should also be factored into the determination of what is the appropriate contribution any registrant should make to the HMEPG.”

NPGA stated, “DOT should limit its definition of non-profit organization solely to charitable organizations,” and that, “this provision will have the effect of providing a competitive advantage in the energy marketplace to rural electric cooperatives (RECs), many of which sell propane and therefore operate contrary to the purposes for which they were originally chartered.”

The SBA criteria for small business size standards apply to business entities organized for profit. 13 CFR 121.105(a). Therefore, non-profit organizations do not technically qualify as small businesses. After the February 14, 2000 final rule was adopted, RSPA applied SBA size criteria for appropriate SIC codes to non-profit organizations. However, nearly all of the not-for-profit organizations that are currently registered, which are mostly educational institutions and hospitals, exceed the SBA size standards for a small business.

To some extent, this may result from the SBA’s focus on the characteristics of for-profit businesses in establishing the size standard for an industry group. In those infrequent instances where not-for-profit organizations constitute a significant portion of an industry group, the SBA may deliberately exclude the characteristics of not-for-profit organizations when considering the

appropriate size standard. Because not-for-profit organizations generally are operated for educational, religious, charitable and other similar purposes, RSPA remains interested in helping them minimize their costs of operation and believes that, in so doing, we are following a precedent established by law in the exemption of such organizations from taxation.

We considered the comments recommending narrower criteria for not-for-profit organizations than proposed and concluded that our proposal remains the most straightforward resolution for dealing with entities that do not conform to SBA’s criteria for a small business. To accept the PMAA’s recommendation to limit the definition of not-for-profit organizations to those included in 26 U.S.C. 501(c)(3) or the NPGA’s recommendation to limit the definition solely to “charitable organizations” would exclude organizations that the law exempts from taxation because of their non-profit status. We recognize that by providing a new fee category for not-for-profit organizations, some relatively large organizations may pay a reduced fee in the future, but RSPA considers the adoption of the proposed broader definition of not-for-profit organizations as defined by U.S. law to be more easily applied than any attempt to distinguish between types of non-profit organizations. Even though it seems unlikely that many registering organizations would be affected by the limitation of the definition to 26 U.S.C. 501(c)(3), we decided to retain the broader group included in 26 U.S.C. 501(a) and to adopt the proposal to establish a fee for all not-for-profit organizations at the same level as that for small businesses.

III. Refunds

In response to requests from industry, in the February 14, 2000 final rule (Docket No. HM–208C) RSPA amended the HMR to allow a person to register for up to three years in one registration statement. 49 CFR 107.612(c), 65 FR at 7309–10. Approximately 4,550 advance registrations for the 2003–2004 and 2004–2005 registration years have been received. Refunds will be provided for registrations paid in advance for those years at the higher fee levels in effect at the time of payment.

A letter will be sent approximately 45 days after the publication of this final rule to each registrant that, on that date, is due a refund for fees paid in advance for the 2003–2004 and 2004–2005 registration years. The letter will specify the amount of the refund and will be accompanied by a Form W–9, Request

for Taxpayer Identification Number and Certification. The form must be submitted to RSPA before a refund can be made. Registrants that have submitted registrations including payment for the 2003–2004 and 2004–2005 registration years that do not receive a letter within this time frame should contact the registration office at 202–366–4109. Refunds will be made by checks issued by the U.S. Treasury after the Form W–9 is submitted. Persons who later pay in advance for the 2003–2004 and 2004–2005 registration years at the higher fee levels being reduced by this rule will be similarly contacted for the purpose of providing refunds for the overpayment.

Of the approximately 4,550 registrants due refunds, 4,250 small businesses will receive refunds of \$150 (3,050) or \$300 (1,200), and 300 others will receive refunds of \$1,700 (200) or \$3,400 (100).

IV. Rulemaking Analysis and Notices

A. Executive Order 12866 and DOT Regulatory Policies and Procedures

This final rule is considered a significant regulatory action under section 3(f) of Executive Order 12866 and, therefore, was subject to formal review by the Office of Management and Budget. This rule is considered significant under the Regulatory Policies and Procedures of the Department of Transportation (44 FR 11034). RSPA has prepared a regulatory evaluation that is available for review in the public docket.

B. Executive Order 13132

This final rule has been analyzed in accordance with the principles and criteria contained in Executive Order 13132 (“Federalism”). The registration requirements do not impair the ability of States, local governments, or Indian tribes to impose their own fees or registration or permit requirements on persons who offer or transport hazardous materials in commerce. RSPA encourages States, local governments, and Indian tribes to adopt and enforce requirements in the HMR and the Federal registration requirement, in order to enhance compliance with a nationally uniform set of regulations on the transportation of hazardous materials.

The consultation and funding requirements of Executive Order 13132 do not apply because this rule does not adopt any regulation that:

(1) Has substantial direct effects on the States, the relationship between the National government and the States, or the distribution of power and

responsibilities among the various levels of government;

(2) Imposes substantial direct compliance costs on State and local governments; or

(3) Preempts State law.

C. Executive Order 13175

This final rule has been analyzed in accordance with the principles and criteria contained in Executive Order 13175 ("Consultation and Coordination with Indian Tribal Governments"). Because this rule does not have tribal implications, does not impose substantial direct compliance costs and is required by statute, the funding and consultation requirements of Executive Order 13175 do not apply.

D. Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601–611) requires each agency to analyze regulations and assess their impact on small businesses and other small entities to determine whether the rule is expected to have a significant impact on a substantial number of small entities.

In the February 14, 2000 final rule in Docket No. HM–208C, RSPA certified that that final rule did affect a significant number of small entities, but that the economic impact on these small entities will not be significant. 65 FR 7308–09. This final rule affects the same small entities that Docket HM–208C did and, therefore, this final rule affects a significant number of small entities. 65 FR 7307–09. Although this final rule is providing a \$150 reduction in the combined annual fee that small businesses must pay, that reduction does not constitute a significant economic impact on a substantial number of small entities. Therefore, RSPA certifies that this final rule does not have a significant economic impact on a substantial number of small entities.

E. Unfunded Mandates Reform Act of 1995

This final rule does not impose unfunded mandates under the Unfunded Mandates Reform Act of 1995. It does not result in costs of \$100 million or more, in the aggregate, to any of the following: State, local, or Native American tribal governments, or the private sector.

F. Paperwork Reduction Act

Under 49 U.S.C. 5108(i), reporting and recordkeeping requirements pertaining to the registration rule are specifically excepted from the information management requirements

of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

G. Environmental Assessment

The National Environmental Policy Act of 1969 (NEPA), as amended (42 U.S.C. 4321–4347) requires Federal agencies to consider the consequences of major federal actions and prepare a detailed statement on actions significantly affecting the quality of the human environment. There are no significant environmental impacts associated with this rule. The temporary reduction of registration fees will continue to fund the HMEP grants program at the level recommended by Congress, eliminate the surplus in a reasonable amount of time, and continue the balance of equity established under Docket HM–208C. In addition, this course of action will continue to fund the HMEP grants program on a basis that is equitable, straightforward, enforceable, and sound and will eliminate the surplus in the most expedient manner possible. It will also permanently set the registration fees for the years after the surplus is eliminated and will stop creation of any unnecessary surplus. Reduction in the registration fees or elimination of the current surplus in the registration fees fund has no potential for environmental damage or contamination.

H. Regulation Identifier Number (RIN)

A regulation identifier number (RIN) is assigned to each regulatory action listed in the Unified Agenda of Federal Regulations. The Regulatory Information Service Center publishes the Unified Agenda in April and October of each year. The RIN number contained in the heading of this document may be used to cross-reference this action with the Unified Agenda.

List of Subjects in 49 CFR Part 107

Administrative practice and procedure, Hazardous materials transportation, Packaging and containers, Penalties, Reporting and recordkeeping requirements.

In consideration of the foregoing, 49 CFR Chapter I is amended as follows:

PART 107—HAZARDOUS MATERIALS PROGRAM PROCEDURES

1. The authority citation for part 107 continues to read as follows:

Authority: 49 U.S.C. 5101–5127, 44701; Sec. 212–213, Pub. L. 104–121, 110 Stat. 857; 49 CFR 1.45, 1.53.

2. In § 107.612, the introductory text of paragraph (b) is revised and new paragraphs (c) and (d) are added to read as follows:

§ 107.612 Amount of fee.

* * * * *

(b) *Registration years 2000–2001, 2001–2002 and 2002–2003.* For the registration years 2000–2001, 2001–2002, and 2002–2003, each person subject to the requirements of this subpart must pay an annual fee as follows:

* * * * *

(c) *Registration years 2003–2004, 2004–2005 and 2005–2006.* For registration years 2003–2004, 2004–2005, and 2005–2006, each person subject to the requirements of this subpart must pay an annual registration fee as follows:

(1) *Small business.* Each person that qualifies as a small business, under criteria specified in 13 CFR part 121 applicable to the North American Industry Classification System (NAICS) code that describes that person's primary commercial activity, must pay an annual registration fee of \$125 and the processing fee required by paragraph (c)(4) of this section.

(2) *Not-for-profit organization.* Each not-for-profit organization must pay an annual registration fee of \$125 and the processing fee required by paragraph (c)(4) of this section. A not-for-profit organization is an organization exempt from taxation under 26 U.S.C. 501(a).

(3) *Other than a small business or not-for-profit organization.* Each person that does not meet the criteria specified in paragraph (c)(1) or (c)(2) of this section must pay an annual registration fee of \$275 and the processing fee required by paragraph (c)(4) of this section.

(4) *Processing fee.* The processing fee is \$25 for each registration statement filed. A single statement may be filed for one, two, or three registration years as provided in § 107.616(c).

(d) *Registration years 2006–2007 and following.* For each registration year beginning with 2006–2007, each person subject to the requirements of this subpart must pay an annual fee as follows:

(1) *Small business.* Each person that qualifies as a small business, under criteria specified in 13 CFR part 121 applicable to the North American Industry Classification System (NAICS) code that describes that person's primary commercial activity, must pay an annual registration fee of \$250 and the processing fee required by paragraph (d)(4) of this section.

(2) *Not-for-profit organization.* Each not-for-profit organization must pay an annual registration fee of \$250 and the processing fee required by paragraph (d)(4) of this section. A not-for-profit organization is an organization exempt from taxation under 26 U.S.C. 501(a).

(3) *Other than a small business or not-for-profit organization.* Each person that does not meet the criteria specified in paragraph (d)(1) or (d)(2) of this section must pay an annual registration fee of \$975 and the processing fee required by paragraph (d)(4) of this section.

(4) *Processing fee.* The processing fee is \$25 for each registration statement filed. A single statement may be filed for one, two, or three registration years as provided in § 107.616(c).

3. In § 107.616, paragraph (d)(2) is revised to read as follows:

§ 107.616 Payment procedures.

* * * * *

(d) * * *

(2) Pay a registration and processing fee as follows:

(i) For registration year 2002–2003, pay a registration fee of \$275, a processing fee of \$25, and an expedited

handling fee of \$50. The total fee is \$350. Persons who do not meet the criteria for a small business, as specified in § 107.612(b)(1), must enclose an additional registration fee payment of \$1,700 with the expedited follow-up material, for a total of \$2,050

(registration fee—\$1,975; processing fee—\$25; expedited handling fee—\$50);

(ii) For registration years 2003–2004, 2004–2005, and 2005–2006, pay a registration fee of \$125, a processing fee of \$25, and an expedited handling fee of \$50. The total fee is \$200. Persons who do not meet the criteria for a small business or are not a not-for-profit organization, as specified in § 107.612(c), must enclose an additional registration fee payment of \$150 with the expedited follow-up material, for a total of \$350 (registration fee—\$275; processing fee—\$25; expedited handling fee—\$50); and

(iii) For registration years beginning with 2006–2007, pay a registration fee of \$250, a processing fee of \$25, and an expedited handling fee of \$50. The total fee is \$325. Persons who do not meet the criteria for a small business or are not a not-for-profit organization, as specified in § 107.612(d), must enclose an additional registration fee payment of \$725 with the expedited follow-up material, for a total of \$1,050 (registration fee—\$975; processing fee—\$25; expedited handling fee—\$50); and

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Issued in Washington, DC, on January 6, 2003, under authority delegated in 49 CFR Part 1.

Ellen G. Engleman,

Administrator.

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