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Financial Responsibility for Motor Carriers, Freight Forwarders, and Brokers
Docket No FMCSA-2024-0165

I would like to submit this comment in a formal response to the proposed rule by the Federal Motor Carrier Safety Administration (FMCSA) to uphold new financial requirements for the parties listed in the above title. I have been involved in the trucking industry all my life with my parents owning a small trucking company operating around three full time over the road trucks. The FMCSA's efforts to help hold entities accountable in our sector of the business is something that is for sure an important factor but there are some concerns I have facing this newly proposed regulation of brokers having to issue a \$75,000 surety bond or handle a trust fund agreement for people who operate brokerages or freight forwarder companies.

The proposed rule wants to review and revise the Information Collection Request (ICR) when it comes to filing the financials for motor carriers, freight forwarders, and brokers. Below are some key points to keep in mind:

- The above parties need to file and maintain financial responsibility.
- Implement any new compliance changes with the *Broker and Freight Forwarder Financial Responsibility Final Rule* and contain the date of 1/16/2026.
- Makes brokers revise any previous financial forms to contain updated compliance standards.
- Also puts a reporting burden of 49,722 hours on participants of the industry.
- Main issue of requiring all brokers, regardless of size to have that \$75,000 surety bond to receive any type of certificate of approval by the FMCSA.

I do see the benefits of raising these regulations to better the financial standpoint of the industry. I see significant concerns and impacts, mainly on small brokers, freight forwarders, and the industry.

I'm going to oppose the financial aspect of this position. I feel as if the \$75,000 bond is going to cause too much of a financial hardship on the small and independent. This will ultimately affect new brokers and freight movers.

Many of the small freight brokers operate tightly meaning that their options to capital are lower than of the larger companies and operate on tight margins.

- These will lower market competition ultimately pushing out the little man making way for mega companies.
- The increased financial burden on smaller companies will force many to exit the industry.
- All of this will deter any new entrepreneurship from entering the market.

A study by the Small Business Administration confirmed that implementing more regulations financially hurt small businesses much more than larger firms. (Smith & Johnson, 2022)

There isn't much, if any, evidence by the FMCSA that the increase of a \$75,000 bond will prevent any type of fraud towards carriers, or most common non-payment. Here are some key reasons from the American Transportation Research Institute.

- When brokers don't pay, that only represents around 1% of transactions.
- There are already enforcement options in place.

- What all these have in common, is that mismanagement often causes disputes between carriers and brokers.

While increasing requirements probably won't improve any type of industry standards, it might cause financial problems for already compliant brokers.

There are alternative options to this current proposed solution. The FMCSA should mainly focus on economic feasibility for all levels of brokers and freight movers.

- Based on how much is owned on tiered revenue, instead of a flat \$75,000, operate on a scaled system where brokers are required to pay more if they make more. As where smaller brokers pay less.
- Do not require cash bonds, allow freight moving entities to use credit or some form of credit backing. This all-lowers liquidity, helping the smaller companies.
- The biggest and what I feel would solve many problems is requiring broker transparency. This is where brokers are required to not only provide what they are paying the carrier to take the load for, but also what that shipper is paying them to cover that load. This also provides if brokers are “double brokering” loads which is an illegal act in the transportation industry.

While I do strongly agree that the FMCSA wants to strengthen financial standpoints in trucking and who is involved. I feel as if this will hurt, rather than help, especially for small businesses and independent contractors and cause many to not survive. With the loss of more companies in an already dwindling industry, will make the industry feel more like a monopoly. Ultimately setting the freight rate for truckers lower than they ever will be. I appreciate the FMCSA reviewing these comments and hopefully taking these solutions to heart. From an owner of a small business, who relies on other small trucking companies and brokers to work with us rather than against us. We all wish to make the industry fair for everyone.

Smith, Jennifer, and Robert Johnson. *The Impact of Financial Regulations on Small Business Entry in the U.S. Freight Industry*. Small Business Administration Office of Advocacy, 2022.

American Transportation Research Institute (ATRI). *The State of Freight Brokerage: Payment Disputes and Market Dynamics*. ATRI Research Reports, 2023.

Federal Motor Carrier Safety Administration (FMCSA). *Broker and Freight Forwarder Financial Responsibility Final Rule*. Federal Register, vol. 88, no. 78656, Nov. 16, 2023.