

DDH Notes

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FEDERAL & STATE UPDATES

DOT SAFETY COMPLIANCE

FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION -FMCSA

The current hours-of-service regulations are being retained unless there is another class action in court to have them revised.

UCR

The Unified Carrier Registration Agreement replaced the Single State Insurance Registration System on January 1, 2007. This registration affects all companies with a USDOT number or that use any vehicles or combination vehicles over 10,000 GVW.

The 2007 UCR Registration has been extended until May 1, 2008. The filing of the 2008 renewals has begun. The fees are the same for the 2008 year. Enforcement of the 2008 UCR will be May 1 in some states and June 1 in others. Each state can set their penalties for non-compliance. There are five new participating states for 2008 registrations: Alaska, California, Delaware, North Carolina and Pennsylvania. If you were operating in 2007 and did not file you must file for both 2007 and 2008 years.

2008 UCR FEE BRACKETS

(Fleet size including Trailers):

- 0 to 2 - \$39.00
- 3 to 5 - \$116.00
- 6 to 20 - \$231.00
- 21 to 100 - \$806.00
- 101 to 1000 - \$3840.00
- 1,001 to 200,000 - \$37,500.00

US CUSTOMS

The ACE - Automated Commercial Environment is the commercial trade processing system developed by U.S. Customs and Border Protection (CBP) to facilitate legitimate trade while strengthening border security. This program was built at a cost of over \$1.5 billion. All carriers are now required to submit e-manifests detailing shipment, carrier, and other information to enter the United States. E-Manifests are simply electronically filed manifests. Contact us if you need assistance with establishing an ACE account.

Canada is working on their version of an e-manifest system which is called ACI - Advanced Commercial Information. This program is expected to be released in the fourth quarter of this year or the first quarter of 2009.

KANSAS

The state's personal property tax report that was due on March 20th is being sent to your office by the state late. The state is issuing an automatic extension of the filing deadline. The revised filing deadline has been set to April 11, 2008. Please send us your tax forms as soon as you receive them.

MICHIGAN

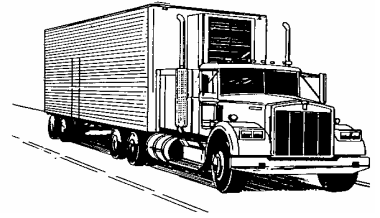
The state has adopted and now is enforcing the federal regulations regarding carriers displaying company name

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Carriers have been fined hundreds of thousands of dollars for safety violations, put on probation for years and owners have been sentenced to jail time along with fines. A carrier was fined \$10,000 for using a newly hired driver two days before his negative drug test results were received.

The DOT is very serious about safety compliance for trucking companies. Carriers must take the safety regulations seriously.

The DOT is mandating companies have a full-time safety manager if they have received an unsatisfactory rating and want to continue to operate. The manager would report directly to the DOT on a monthly basis regarding their safety compliance status. Drivers' logs must be audited each day for hour-of-service compliance. The drivers' logs must be matched with other records to prove accuracy. The DOT may require a company to log drivers' telephone calls with a minimum number of drivers a day and have the carrier match these calls with the drivers' logs. Also, a written disciplinary program may be required to be given to each driver and the program must be enforced. Failure to comply could result in large fines, court injunctions to cease operations and prison terms. Now electronic on-board-recorders may be required for noncompliance. Please contact our office for any questions regarding DOT safety regulations.



FEDERAL & STATE UPDATES

MICHIGMAN (Cont.)

and DOT number on all vehicles that have a gross vehicle weight rating or combination weight rating over 10,000 pounds. All intrastate carriers (private and for-hire) must obtain and display their DOT number. Also, the state is requiring that all vehicles over 5,000 pounds display their company name, city and state,

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 lbs. gross weight. For frost law information, call (800) 787-8960 or 517-373-6256.

NEW JERSEY

Carriers that pick up or deliver freight with company, owner-operator or leased vehicles in the state of New Jersey must register with the state's Division of Revenue. All individuals, limited liability companies and corporations must comply with the registration process. There is no fee to register as an individual or a limited liability company; there is a \$125 filing fee for a corporation. An annual corporation business tax filing must be made by limited liability companies and corporations. There is a minimum tax of \$500 per year. The state has recently enforced this tax on

out-of-state carriers and is making them file back taxes. Carriers are having their vehicles impounded for not registering in the state and paying this business tax. All carriers must notify us of your operations in the state of New Jersey so we can determine your requirements with the state.

PENNSYLVANIA

The 2007 Pennsylvania Corporate Tax is due by April 15, 2008. All corporations are subject to the franchise and income taxes. Limited liability companies are subject to only the franchise portion of the tax, while individuals are not liable for the tax. The tax must be calculated based on the last five years of book income. The tax rate for the franchise tax has been reduced to .389 percent. The corporate income tax remains at 9.99 percent of the apportioned taxable income. The 2007 tax forms are not being sent out this year but must be obtained by calling the state. Carriers that are corporations: we will need pages one and four of your federal tax return for 2007. Limited liability companies: we will need your partnership return or schedule C, your profit and loss and balance statements for 2007. Please contact our office for assistance.

ONTARIO

There is still a move in Ontario to require that all trucks have speed limiters or governors. The governors would have to be activated prior to entering Canada and set at 65 miles per hour.

FUEL & MILEAGE TAXES

Carriers that have us process their fuel and mileage taxes, please submit your trip reports and fuel receipts for the fuel tax maintenance service on at least a **monthly basis**. Our records must remain current each month. The state and federal governments have various reports or tax changes that require the breakdown of mileage by month. We also need the mileage and fuel purchased separated by vehicle and state.

All miles must be recorded, even non-commercial use such as moving the vehicle for maintenance or having the vehicle fueled or washed.

We have the least amount of problems with IRP and IFTA audits if we have the beginning and ending odometer reading for each trip. We also can determine missing trips and miles if the odometer readings are supplied.

We not only file the tax returns, we audit your trip reports.

A late filing fee of \$100 will be imposed if the trip reports are not sent to our office by the 15th of the month following the end of a quarter.

With today's automation, it is very important that all records for all filings be consistent. We will make sure that the IFTA, IRP, state mileage, state gross receipts, state franchise, state property reports and any state or federal questionnaire or reports are consistent to avoid a possible audit.



We are at your service to assist with your transportation needs including DOT Safety Regulations, FMCSA Interstate Authorities, Intrastate Authorities, Uniform Motor Carrier Registrations, State Fuel Taxes, IRP License Plates, Temporary State Permits, Drug and Alcohol Testing or any transportation problems or questions.

Dave