

Truckload Fuel Surcharge Legislation

Why is the truckload fuel surcharge legislation needed?

Large trucking corporations and the federal government use fuel surcharges to weather spiking fuel costs.

Owner-operators and small business motor carriers (6 or fewer trucks) comprise close to 80% of the trucking industry. These small business truckers do not have the ability to raise their rates or establish a fuel surcharge when the price of fuel jumps. On average, fuel purchases amount to approximately 40% of their operating expenses.

Without the ability to recoup higher fuel costs through a surcharge, tens of thousands of small business truckers have gone out of business during the last few years. The corresponding loss in freight hauling capacity has caused American manufacturers, retailers and farmers to struggle to find enough trucks to get their products to the marketplace and to remain competitive.

Why don't owner-operators and small business truckers just implement surcharges like the big trucking corporations, airlines, and railroads?

- Owner-operators are not privy to the contracts and rate negotiation between the motor carrier they haul for and the shipper.
- Small business motor carriers who rely upon brokers for their freight are not privy to contracts and rate negotiation between the broker and the shipper.
- Owner-operators and small carriers, the parties that actually pay for fuel, are in no position and have no ability to ask the shipper to pay a fuel surcharge.
- The parties that do have such ability, the large trucking companies or freight brokers, have little motivation to seek a fuel surcharge or pass it through (to owner-operators/small carriers) because they do not actually pay for fuel.
- Most large trucking companies and many freight brokers do impose fuel surcharges, however, many of them keep some or all of the fuel surcharge, even though they do not pay for fuel. This is fraud on the shipper and obviously unfair to owner-operators and small business carriers.

Is this re-regulation of the trucking industry?

As House Majority Whip Roy Blunt stated in a Congressional hearing on fuel surcharge legislation, **“This isn't a request for a reregulation of the trucking industry . . . it is a specific tool to be used during times of high fuel prices.”**

In the same hearing, Congressman Nick Rahall stated, **“The fact of the matter is, there is no Federal regulatory enforcement or involvement of any kind under the pending legislation.”**

Private entities carry the full burden of implementing and enforcing the provisions of the truckload fuel surcharge legislation. No regulatory body plays a role in the implementation or enforcement of the provisions. The legislation is in no way governmental rate-setting or market tampering.

The truckload fuel surcharge legislation simply provides small business truckers with access to the same mechanism large trucking corporations use to weather spiking fuel prices.