



STATE OF WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION  
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250  
(360) 664-1160 • TTY (360) 586-8203

May 26, 2017

Re: Multi-Modal Passenger Transportation

Dear Passenger Transportation Company:

The Federal Motor Carrier Safety Administration has issued regulatory guidance that it considers “prearranged” travel to or from airports to be interstate travel, requiring federal interstate operating authority.

In FMCSA’s January 2017 Tip Sheet (attached), the agency takes the position that travel solely within the boundaries of a given state may be considered activity in interstate commerce when that travel involves facilities that provide access to interstate transportation.

The Washington Utilities and Transportation Commission is evaluating the potential impact of this guidance on our regulated industries.

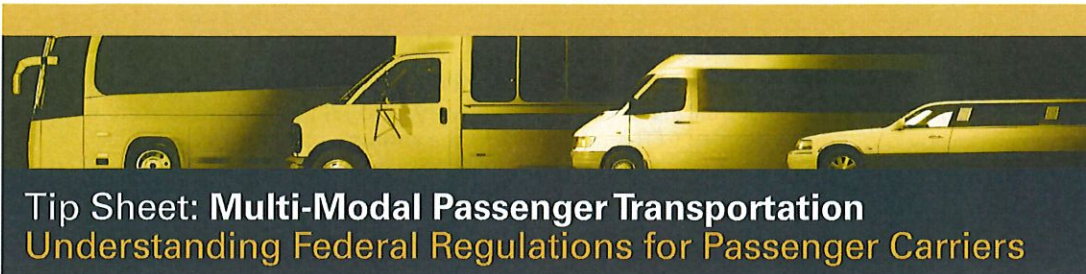
While the commission cannot provide legal advice to your company on the applicability of FMCSA’s guidance, this letter is intended to inform you of developments that may impact regulation of passenger transportation services in Washington.

If you have additional questions, please direct them to Dave Pratt, Asst. Director of Transportation Safety, at (360) 664-1100 or [dpratt@utc.wa.gov](mailto:dpratt@utc.wa.gov).

Sincerely,

STEVEN V. KING  
Executive Director

Enclosure: FMCSA January 2017 Tip Sheet



## Tip Sheet: Multi-Modal Passenger Transportation Understanding Federal Regulations for Passenger Carriers

### Tips for Buses and Vans That Transport Passengers to and From Airports, Train Stations, and Ship Ports

#### What Determines Whether Passenger Transportation is Regulated?

Generally, Federal safety regulations apply when you operate a "commercial motor vehicle" in interstate commerce. To determine whether your bus or van is a commercial motor vehicle, it is necessary to consider vehicle size, passenger capacity, and in some cases whether the operations are for-hire. If you are transporting passengers in any size vehicle interstate and for-hire, the operating authority registration and other commercial regulations also generally apply. There are specific exemptions, however, for certain operations.

#### Am I Conducting For-Hire Passenger Transportation?

If you transport passengers across a State line, even occasionally, and you accept any type of payment for the transportation, you are for-hire and operating in interstate commerce. Sometimes the for-hire nature of the transportation is not obvious, such as when transportation is paid for as part of a total package fee.

#### Passenger Transportation Can Be in Interstate Commerce without Crossing a State Line

Companies that transport passengers within a single State (intrastate travel) may nevertheless be subject to Federal regulations on interstate transportation. If a trip starts in one State and ends in another and the travel uses multiple modes of transportation (e.g., an airplane or train for part of a trip and a shuttle bus service for the remainder), every part of the trip is considered interstate commerce if the entire trip is prearranged. Likewise, if the trip begins or ends outside the United States, and the passenger has pre-arranged the highway portion of the trip, all U.S. transportation during the trip is considered interstate commerce.

On the other hand, if a passenger did not make prior arrangements and obtains transportation after arriving at an airport, port, or train station, subsequent highway transportation is not a continuation of the trip and is not considered interstate commerce.

#### Commercial Regulations

Unless exempted, "for-hire" motor carriers transporting passengers in interstate commerce must comply with FMCSA's commercial regulations including operating authority registration. Sometimes people pay for transportation through a total package fee that covers various services including transportation. But such compensation nevertheless makes the transportation "for-hire."

#### Safety Regulations

Unless excepted, motor carriers transporting passengers in commercial motor vehicles must comply with FMCSA's safety regulations. Again, to determine whether your bus or van is a commercial motor vehicle, it is necessary to consider vehicle size, passenger capacity, and in some cases whether the operations are for-hire.

#### Financial Responsibility

The required level of financial responsibility (insurance or other acceptable security) for for-hire, interstate passenger transportation is determined by the highest seating capacity of your vehicles. Vehicles with a seating capacity of 15 or fewer passengers (including the driver) require \$1.5 million of coverage, and \$5 million is required for vehicles with a seating capacity of 16 or more passengers (including the driver).

#### Exemptions and Exceptions

Certain passenger carrier transportation is exempted or excepted, in whole or in part, from FMCSA's jurisdiction. The following are some examples:

- For-hire companies transporting passengers only within a commercial zone are not subject to FMCSA's commercial regulations.



U.S. Department of Transportation  
Federal Motor Carrier Safety Administration



Commercial zones are geographical areas in and around municipalities that are designated by regulation. See 49 CFR part 372.

- Highway transportation of passengers that is incidental to aircraft transportation is not subject to FMCSA's commercial regulations if the transportation is (1) limited to transporting passengers who have just travelled by air or will travel by air immediately following the highway transportation, and (2) is confined to an area within a 25-mile radius of the boundary of the airport.
  - A company that receives indirect compensation (such as a total package charge for various services including transportation) for interstate passenger transportation using 9 to 15 passenger vehicles, weighing less than 10,001 pounds, is not required to comply with most of the safety regulations. However, the company is required to register with FMCSA and to comply with commercial regulations unless it operates entirely within a commercial zone.
- Based upon the seating capacity of the vehicles, and the for-hire and interstate nature of the passenger transportation, the car rental company must maintain \$1.5 million of financial responsibility (insurance or other acceptable security).
  - Based upon the GVW, GVWR, and designed passenger capacity of the vehicles, the drivers of these vehicles are not required to have a commercial driver's license and are not subject to employer conducted drug and alcohol testing.
  - Due to the GVW, GVWR, designed and used passenger capacity of the vehicles, and the indirect nature of the compensation for passenger transportation, the rental car company must obtain a USDOT number from FMCSA, but it is not subject to most of the safety regulations.

### Example Scenario

A traveler books and takes an airline flight to a city in another State and reserves a rental car in that city. The car rental company is located near the airport and offers a shuttle bus between the terminal and its rental car facility. The shuttle runs continuously during business hours and does not require reservations. All shuttle vehicles have a gross vehicle weight (GVW) and gross vehicle weight rating (GVWR) of less than 10,001 pounds, and are designed to transport either 12 or 15 passengers (including the driver). The vehicles are never operated beyond designed passenger capacity. The shuttle operates on roads and highways that are open to public travel, and all shuttle transportation is confined to a zone within a 25-mile radius of the airport's boundary.

### Regulatory Implications of the Scenario

- The car rental company is exempt from obtaining operating authority registration from FMCSA because the passenger transportation is (1) incidental to the transportation of passengers by aircraft, (2) limited to transporting passengers who have just traveled by air or will travel by air

immediately after being transported on a highway, and (3) confined to a zone within a 25-mile radius of airport boundaries.

- Based upon the seating capacity of the vehicles, and the for-hire and interstate nature of the passenger transportation, the car rental company must maintain \$1.5 million of financial responsibility (insurance or other acceptable security).
- Based upon the GVW, GVWR, and designed passenger capacity of the vehicles, the drivers of these vehicles are not required to have a commercial driver's license and are not subject to employer conducted drug and alcohol testing.
- Due to the GVW, GVWR, designed and used passenger capacity of the vehicles, and the indirect nature of the compensation for passenger transportation, the rental car company must obtain a USDOT number from FMCSA, but it is not subject to most of the safety regulations.

### For More Information

FMCSA has a website with information about Federal regulations for passenger transportation. You can get additional assistance by:

- Calling the FMCSA Information Line at **1 (800) 832-5660**
- Contacting your local FMCSA field office [www.fmcsa.dot.gov/mission/field-offices](http://www.fmcsa.dot.gov/mission/field-offices)

You may also view the Federal Register Notice at [www.fmcsa.dot.gov/upcr](http://www.fmcsa.dot.gov/upcr)

Nothing in this "Tip Sheet" document affects the rights and duties of any person under applicable provisions of law and regulation, as discussed in FMCSA's official Regulatory Guidance Concerning Motor Carriers of Passengers, published in January 2017. This Tip Sheet is not intended, and should not be construed, to create any right, benefit, claim or defense, whether substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or its employees.

