



## Tip Sheet: Employer Related Transportation Understanding Federal Regulations for Passenger Carriers

### Tips for Vans and Buses Used by Employers

Some employers may use company vans and buses to transport their employees to work sites. Several criteria determine whether a van or bus used to transport employees is subject to commercial and/or safety regulations.

### What Determines If a Passenger Vehicle 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 Interstate Passenger Transportation?

If you transport passengers across a State line, even occasionally, and you accept any type of payment for the transportation, you are operating for-hire and in interstate commerce. Some examples of for-hire interstate passenger transportation by employers are:

- Collecting fees from employees’ salaries for transporting them to a work site in another State.
- Transporting employees in company-owned vehicles to a casino or amusement park in another State on a weekend and collecting fuel money for providing the transportation.
- Collecting blanket payments from employees for a company retreat in another State to cover the expenses of lodging, food, entertainment, and transportation in company-owned vehicles.

### Commercial Regulations

Unless exempted, for-hire motor carriers transporting passengers in interstate commerce must comply with FMCSA’s commercial regulations including operating authority registration requirements. Transportation is for-hire if a company or entity accepts payment for the transportation service. Sometimes payment is not obvious such as when bus or shuttle transportation costs are included as part of a total package fee.

### 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).

### Employer-Related Transportation Exemptions

Some passenger transportation by employers is exempted or excepted, in whole or in part, from FMCSA’s jurisdiction. The following are some examples:

- An employer that transports employees in interstate commerce operating a van or vehicle that (1) is designed and used to



transport 15 or fewer passengers (including the driver), (2) has a gross vehicle weight and gross vehicle weight rating less than 10,001 pounds, and (3) is not transporting hazardous materials requiring placarding, is not required to use a driver with a commercial driver's license and is not required by FMCSA to administer driver drug and alcohol testing.

- If a company collects no fees from its employees for transportation, there is no compensation and, therefore, operating authority registration is not required.
- An employer organizes a company retreat in which employees pay a single fee for various services including lodging, food, entertainment, and transportation. The employer transports its employees to a neighboring State with 15-passenger vans that have both a gross vehicle weight and gross vehicle weight rating of less than 10,001 pounds. These vans are also never operated beyond the seating capacity. The employer is not required to comply with most of the safety regulations. However, the company is required to register with FMCSA and to comply with the commercial regulations.

### Example Scenario

A commercial building cleaning service owns and operates 15-passenger vans to transport its employees to client facilities. It transports employees to a neighboring State at least once each workday. Employees are charged for transportation within a specified distance from company headquarters, with the employer deducting the fee from employees' pay. Most of the transportation falls outside the commercial zone in which the company is located and where employee transportation originates. All the company's drivers and vehicles are involved in interstate passenger transportation outside the commercial zone on occasion.

### Regulatory Implications of the Scenario

- **The company must obtain operating authority registration from FMCSA.** The company transports passengers for-hire in interstate commerce.

- **The company must have \$1.5 million in financial responsibility (insurance or other acceptable security).** This level of financial responsibility is required to operate a vehicle with a seating capacity of 15 or fewer passengers (including the driver) for-hire in interstate commerce.
- **The company must comply with FMCSA's safety regulations.** The company is operating commercial motor vehicles in interstate commerce. However, the van drivers are not required to have commercial driver's licenses based upon the vehicle characteristics. In addition, FMCSA does not require the drivers be drug and alcohol tested by their employer.

### 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)**

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