



United States
General Accounting Office
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Office of the General Counsel

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April 12, 1999

The Honorable John McCain
Chairman
The Honorable Ernest F. Hollings
Ranking Minority Member
Committee on Commerce, Science, and Transportation
United States Senate

The Honorable Thomas J. Bliley, Jr.
Chairman
The Honorable John D. Dingell
Ranking Minority Member
Committee on Commerce
House of Representatives

Subject: Department of Transportation, Federal Highway Administration: Parts and Accessories Necessary for Safe Operation; Lighting Devices, Reflectors, and Electrical Equipment

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Transportation, Federal Highway Administration (FHWA), entitled "Parts and Accessories Necessary for Safe Operation; Lighting Devices, Reflectors, and Electrical Equipment" (RIN: 2125-AD27). We received the rule on April 1, 1999. It was published in the Federal Register as a final rule on March 31, 1999. 64 Fed. Reg. 15588.

The final rule requires motor carriers engaged in interstate commerce to install retroreflective tape or reflex reflectors on the sides and rear of semitrailers and trailers that were manufactured prior to December 1, 1993, and meet certain size and weight requirements.

Enclosed is our assessment of FHWA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that FHWA complied with the applicable requirements.

If you have any questions about this report, please contact James Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the Department of Transportation, Federal Highway Administration, is John Anderson, Director, Transportation Issues. Mr. Anderson can be reached at (202) 512-2834.

Robert P. Murphy
General Counsel

Enclosure

cc: Mr. Thomas P. Holian
Regulations Officer
Department of Transportation

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY
THE DEPARTMENT OF TRANSPORTATION,
FEDERAL HIGHWAY ADMINISTRATION
ENTITLED
"PARTS AND ACCESSORIES NECESSARY FOR SAFE OPERATION;
LIGHTING DEVICES, REFLECTORS, AND ELECTRICAL EQUIPMENT"
(RIN: 2125-AD27)

(i) Cost-benefit analysis

The FHWA conducted a cost-benefit analysis of the final rule and concludes that 815,000 trailers will have to be retrofitted. The costs of tape and labor range from \$126.18 for a 28-foot trailer to \$174.33 for 45-53 foot trailers. Opportunity costs (lost revenue or productivity) add an additional \$140 per trailer according to FHWA. The total cost is estimated at \$228 million (discounted) over 2 years.

The benefit of the regulation consists of a 15-percent reduction in nighttime side and rear crashes into trailers which now cause an average of 447 fatalities and 7,700 injuries annually. FHWA estimates that the cost per fatality and equivalent fatality avoided is just under \$1.5 million. There should be a fatality reduction of 102 and an injury reduction of 1,766. The savings should be \$360 million over 10 years with resulting net benefits of \$132 million.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

FHWA conducted a Final Regulatory Flexibility Analysis which complies with the Act. It concluded that, while the rule will affect a substantial number of small entities, it will not have a significant impact on those entities. FHWA has so certified to the Small Business Administration.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

While the final rule does not impose an intergovernmental mandate of over \$100 million in any one year, it will impose such a mandate on the private sector, as defined under title II of the Act. Therefore, FHWA has prepared the required written statement concerning the final rule which discusses the economic assessments, estimates, and alternatives considered. FHWA concludes that it has chosen the alternative which is the least burdensome while achieving the objective of the rule.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

The final rule was issued using the notice and comment procedures found at 5 U.S.C. § 553. On June 19, 1998, the FHWA published a Notice of Proposed Rulemaking in the Federal Register. 63 Fed. Reg. 33611.

In response to the notice, FHWA received 700 comments. In the preamble to the final rule, FHWA responds to the comments, reprints portions of the comments from interested parties, and discusses the reasons in determining the approach taken in the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule does not contain a collection of information subject to review by the Office of Management and Budget under the Paperwork Reduction Act.

Statutory authorization for the rule

The final rule is issued pursuant to the authority of Section 4025 of the Transportation Equity Act for the 21st Century (Pub. L. 105-178, 112 Stat. 107) and 49 U.S.C. §§ 31136 and 31502.

Executive Order No. 12866

The final rule was reviewed by the Office of Management and Budget and found to be a "significant" regulatory action and was approved as complying with the requirements of the Order.