

Pick A State, But Not Just Any State: Key Considerations For Motor Carriers and Private Fleet Operators When Choosing Which State to Register and Plate Vehicles and Equipment

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Motor carriers and private fleet operators need to weigh several critical factors when deciding where to register and plate their motor vehicles and equipment (trailers, flatbeds, tanker units, etc.). Selecting the right state for registration and plating will impact a carrier's bottom line as it can lead to substantial cost savings and smoother operations. Thus, motor carriers and private fleet operators may reflect upon the following considerations when choosing a state to register and plate their vehicles and equipment.

1. State Registration Fees and Tax Rates

One of the first items that motor carriers and private fleets should assess is the cost structure of commercial vehicle registration fees and state tax rates across the different states where the motor carrier or private fleet operator is eligible to register their motor vehicles and equipment. States vary widely in how they tax commercial vehicles and equipment or manage registration fees, selecting a state with lower tax rates or an administratively simple registration process can result in significant cost savings. For motor carriers or fleet operators managing medium to large fleets, even marginal differences in fees can add up quickly, making it essential to analyze the cost-effectiveness of each state's tax structure and fee schedule.

2. International Registration Plan (IRP) Efficiency

The efficiency of a state's administration of the IRP is another key factor when deciding where to register a fleet of vehicles or equipment. Motor carriers identify states with streamlined IRP processes and experienced registration staff, as this can minimize delays and simplify vehicle registration and distribution of the appropriate portions of fees to each member jurisdiction (state or province) based on the mileage driven within an individual member jurisdiction. States with efficient and mature IRP processes simplify cross-state operations and can significantly reduce the administrative burden of registration for motor carriers and private fleets in comparison to states with less efficient processes.

3. Strategic Location and Infrastructure

A state's geographical location and infrastructure may also influence the decision. For instance, states with central locations and well-developed transportation networks can provide some logistical advantages, especially for motor carriers and private fleet operators that operate nationwide or

regionally. For example, some states require annual emissions testing on vehicles. This is also important for those who own equipment, as some states require state-specific in-person trailer inspections in addition to the FMCSA-standard inspection. These separate inspections add significant costs to trailer owners as they may require separate trips simply to obtain inspections for trailers registered in specific states.

4. Additional Taxes on Commercial Vehicles and Trailers

Motor carriers and private fleet operators should consider whether a state imposes additional taxes, such as personal property taxes on commercial vehicles or trailers. Some states tax vehicles and equipment used for business purposes, while others offer exemptions. Avoiding states with high or additional taxes on commercial fleets can lead to cost savings, making it essential to understand each state's tax policies before determining where to register and plate vehicles and equipment.

5. Business Environment and Regulatory Support

Motor carriers and private fleet operators should also assess a state's business environment and the level of regulatory support available for the trucking industry. States with favorable tax laws and business-friendly regulations are often more attractive to motor carriers. On the other hand some states may have specific laws that apply to heavy-duty vehicles that indirectly increase a motor carrier or private fleet operator's costs. For example, New Jersey requires all commercial motor vehicles registered in the state to maintain \$1.5 million dollars in automobile liability insurance, which is a higher policy limit than the FMCSA standard and what any other state requires of owners of registered commercial motor vehicles. Additionally, states that actively support the trucking industry through initiatives and advocacy, can provide added value and resources to motor carriers and private fleet operators. Contrarily, other states have laws and business environments that are simply unfriendly to motor carriers or private fleet operators.

6. Access to Industry Support and Resources

Finally, motor carriers and private fleet operators should consider the presence of industry associations and resources within the state. Organizations like state-level trucking associations often offer support, educational resources, and advocacy, which can be highly beneficial. Being in a state with an influential and well-established trucking community can provide motor carriers and private fleets with the tools and support they need to navigate regulatory challenges and stay compliant.

Conclusion

The decision of where to register and plate vehicles and equipment is multifaceted, involving regulatory compliance, financial implications, and operational considerations. When choosing a state for vehicle and equipment registration and plating, motor carriers and private fleet operators should carefully consider factors like registration fees, IRP administration efficiency, strategic location, tax policies, the regulatory environment, and access to industry support. By thoroughly evaluating these elements with legal and tax professionals, motor carriers and private fleet operators can make informed decisions that optimize their operations and reduce costs.

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