

**AMERICAN TRUCKING ASSOCIATIONS**1850-100
Comment Letter No. 738
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Senior Vice President, Industry Affairs

December 15, 2010

Ms. Leslie Seidman
Acting Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1680-100

Dear Ms. Seidman:

The American Trucking Associations ("ATA") appreciates the opportunity to provide comments to the Financial Accounting Standards Board ("FASB" or "Board") on the proposal contained in the FASB Exposure Draft, Proposed Accounting Standards Update Leases Topic 840 ("ED").

ATA is the national trade association of the U.S. trucking industry. ATA is a united federation of motor carriers, state trucking associations, and national trucking conferences created to promote and protect the interests of the trucking industry. Its membership includes more than 2,500 trucking companies and industry suppliers of equipment and services. Directly and through its affiliated organizations, ATA represents over 37,000 companies and every size, type and class of motor carrier operation.

ATA supports the comments filed with the FASB in this matter by the Truck Renting and Leasing Association ("TRALA"). ATA member motor carriers, and trucking companies in general, are the lessees of the truck tractors, trailers and other transportation equipment provided by TRALA members and agree with the truck lessor community that the accounting standards proposed under this ED do not accurately reflect the economic value of these short-term, relatively low-cost right-of-use equipment leases.

In addition, the requirement to estimate and readjust leases and contingent rents at each financial reporting period is unduly burdensome and carries an accounting sophistication and price that is beyond the understanding and financial means of most trucking companies. A glance at the profile of the typical trucking company explains why:



The U.S. trucking industry as a whole is comprised of more than 214,000 for-hire carriers and more than 276,000 private carriers, 95.9 percent with fewer than 20 trucks. Indeed, one U.S. Department of Transportation (USDOT) estimate puts the “average” trucking company as having only seven trucks.

These small companies lease equipment to meet the seasonal ebb and flow of freight volumes, or in the case of private carriers, to have the lessor handle the truck maintenance and other requirements which are not part of the private company’s core business. In either case, they treat equipment leases as a straight-line expense and do not have the financial means to adopt a new accounting system just for these recurring expenses.

Yet, these same small companies, whether publically-traded or not, are often subject to loan covenants which will be impacted by the ED standards, if adopted. It is better, again, to allow right-of-use equipment leases with expected lease terms of 60 months or less and less than \$250,000 in equipment costs should continue to be accounted for as operating leases, as recommended by TRALA.

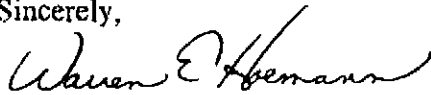
Leasing in the trucking industry has another meaning, as well. Under 49 CFR 376, “leases” include the interchange of equipment “with driver.” Trucking companies often supplement their fleets during times of high freight demand with independent contractor drivers who provide their services and their equipment under the terms of a “lease” as specified in 49 CFR 376. Indeed, many trucking companies utilize a business model built upon the use of independent contractors. (49 CFR 376.21 specifically excludes “equipment leased without drivers from a person who is primarily engaged in such a business” – these are not the same leases discussed in the TRALA comments.)

49 CFR 376 is a USDOT regulation under the Federal Motor Carrier Safety Administration. It is primarily a safety regulation establishing safety compliance responsibility and not an accounting standard reflecting financial condition. Although overall compensation must be stated in a 49 CFR 376 “lease,” there is no allocation established in 49 CFR 376 between the service and equipment lease components.

There is great uncertainty as to whether the 49 CFR 376 “lease with driver” is a lease for purposes of this FASB Exposure Draft, whether it is instead purely a service contract or perhaps a service contract with some element of an embedded equipment lease.

Rather than perform the arduous case-by-case determination of whether an equipment lease exists under each 49 CFR 376 agreement and what the costs for allocation may be, it is much more efficient and much fairer to competing trucking companies to exclude the 49 CFR 376 "leases" from the scope of this ED.

Sincerely,



Warren E. Hoemann
Senior Vice President – Industry Affairs
American Trucking Associations