

ANNUAL TRIP VEHICLE PERMIT

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House Bill 4644 as passed by the Senate as (S-3)

Sponsor: Rep. Triston Cole

House Committee: Transportation and Infrastructure

Senate Committee: Transportation

Analysis available at
<http://www.legislature.mi.gov>

Complete to 1-29-18

BRIEF SUMMARY: House Bill 4644 (S-3) would amend the Michigan Vehicle Code to provide for an annual permit for the movement of construction equipment exceeding the size, load, or size and load maximums specified in the Code. The permit fee would be \$264. The individual pieces of equipment carried by a power unit would be covered by the power unit's permit and would not themselves require separate permits.

FISCAL IMPACT: The proposed *construction equipment* permit fee of \$264 is higher than current Michigan Department of Transportation (MDOT) transport permit fees. However, the bill would reduce the number of permits issued by MDOT. The net impact would likely reduce State Trunkline Fund (STF) revenue. The annual revenue loss would depend on how many fewer transport permits were issued and how the reduction in permits was distributed between oversize and overweight permits. (See *Fiscal Information*, below, for further discussion.)

THE APPARENT PROBLEM:

Representatives of the construction and timber industries have indicated that the department's current practice requires industry operators to obtain multiple permits—a permit for each trailer and each piece of equipment transported, in addition to the permit for the power unit. This can generate a lot of paperwork. Companies often own several pieces of equipment or trailers that are identical in size and weight and are used interchangeably. Under current practice, each must be separately permitted. Legislation has been proposed to allow MDOT to issue a single multiple-trip permit to a power unit that would also cover the trailer and equipment that the power unit is hauling, as long as the weight and size limits stated in the permit are not exceeded.

THE CONTENT OF THE BILL:

House Bill 4644 (S-3) would amend Section 725 of the Michigan Vehicle Code to change current MDOT requirements with respect to *Multiple-trip/Annual-basis* transport permits issued for the movement of oversized and/or overweight *construction equipment*—specifically, the MDOT requirement that applicants obtain separate permits for the truck (pulling or power unit), trailer, and each load (e.g. piece of equipment) that would cause a vehicle or vehicle combination to exceed specific Michigan Vehicle Code size, weight, or load maximums.

House Bill 4644 (S-3) would require the department to allow applicants, under specific conditions defined in the bill, to obtain an annual permit for the movement of *construction equipment* in excess of Michigan Vehicle Code size, weight, or load maximums. Specifically, the bill directs that the department issue a permit for the power unit “without requiring a separate permit for each individual piece of equipment carried by that power unit.”

As a result, under House Bill 4644 (S-3), an annual *construction equipment* transport permit would be required only for the power or pulling unit; additional permits would not be required for each additional piece of equipment that caused the vehicle combination to exceed Michigan Vehicle Code size and/or load maximums. These provisions would apply only to the movement of construction equipment. [The bill does not define the term “construction equipment.” In addition, the bill is silent with respect to the treatment of trailers in the vehicle combination, although the department indicated that it would not require separate permits for trailers.]

The bill would establish a fee of \$264 for annual *construction equipment* permits. This fee would effectively replace the current MDOT *Multiple-trip/Annual-basis* permit fee for construction equipment of \$30 for oversize-only permits and \$100 for overweight/overload permits.

House Bill 4644 (S-3) would provide that the annual *construction equipment* permit could be stored and presented by the permit holder using a mobile device. The permit could not contain restrictions on daily operating hours or restrict travel on weekends—except for allowable holiday restrictions for the Memorial Day and Labor Day weekends and the Fourth of July holiday. (These holiday restrictions would not apply to vehicles transporting implements of husbandry.) The permit could not require travel at more than 10 miles per hour below the posted speed limit. However, the permit could contain restrictions on travel within a county with a population greater than 150,000.

The enacting provisions of House Bill 4644 (S-3) provide that the bill would become effective one year after it is enacted into law. At the same time, the bill indicates that the provisions regarding annual *construction equipment* permits, and the related construction equipment fee of \$264, become effective “not later than two years after the effective date [of the bill, as enacted].” Since the bill would not become effective until one year after enactment, the new *construction equipment* permit provisions may not become effective until as much as three years after enactment.

MCL 725.257

BACKGROUND INFORMATION:

Sections 716 through 750 within Chapter VI of the Michigan Vehicle Code (MCL 257.716 through 257.750) contain provisions governing vehicle size, weight, and load. In general, these sections establish standard or “normal” size, weight, and load maximums, provide

exceptions to the normal maximums, and provide for the enforcement of the size, weight, and load maximums, including penalties for violation.¹

Section 725 of the Michigan Vehicle Code (MCL 257.725) provides for operation of vehicles in excess of normal size, weight, or load maximums under specific circumstances through a permitting process. Specifically, Section 725 states that “*upon receipt of a written application and good cause being shown, a jurisdictional authority may issue a written special permit authorizing an applicant to operate upon or remove from a highway a vehicle or combination of vehicles that are of a size, weight, or load exceeding the maximum specified in the code or otherwise not in conformity with the Code.*” These special permits are sometimes referred to as “transport permits.”

As defined in Section 725, “jurisdictional authority” means the state transportation department, a county road commission, or a “local authority” (i.e., city or village) having jurisdiction over the highway upon which a vehicle is proposed to be moved under the permitting provisions of Section 725. The balance of this analysis will refer to the state transportation department as Michigan Department of Transportation or “MDOT” and jurisdictional authorities other than MDOT as “local road agencies.”

Section 725 currently establishes fees associated with permits issued for vehicles exceeding normal size/weight/load limits. These statutory fees vary depending on whether issued for a single trip or for an extended period (annual/multiple-trip permits); whether issued for vehicles exceeding normal weight/load limits or normal size limits only; and whether issued by MDOT or a local road agency.

With respect to vehicles that exceed normal weight or load limits, and which may or may not also exceed normal size limits, Section 725 currently authorizes MDOT to charge a fee of \$50 for single trip permits, and \$100 for annual/multiple-trip permits.

With respect to vehicles that exceed normal size limits only, and which are within normal weight/load limits, Section 725 currently authorizes MDOT to charge a permit fee of \$15 for single trip permits, and \$30 for annual/multiple-trip permits.²

FISCAL INFORMATION:

The proposed *construction equipment* permit fee of \$264 is higher than current MDOT transport permit fees. However, the bill would reduce the number of permits issued by MDOT. The net impact would likely reduce State Trunkline Fund (STF) revenue. The

¹ Section 716(3) authorizes MDOT, under the Administrative Procedures Act of 1969, to promulgate rules permitting and regulating the operation of a vehicle or vehicles of a size or weight that exceeds the size or weight limitations of Chapter VI of the Michigan Vehicle Code. The department has not promulgated rules under this authorization.

² Section 725(5) authorizes the department to increase permit fees for vehicles exceeding normal size maximums only—not more than once per year and not to exceed the percentage rise in the U.S. Urban Consumer Price Index for the preceding 12-month period. The department has never increased permit fees, first established in July 1998. Michigan’s transport permit fees appear to be lower than neighboring states.

annual revenue loss would depend on how many fewer transport permits were issued and how the reduction in permits was distributed between oversized and overweight permits.

Based on FY 2016-17 permit activity, we estimate that House Bill 4644 (S-3) would reduce STF revenue by approximately \$491,000. (See Table below). The \$491,000 revenue reduction would be an annual reduction as compared to the current baseline. In addition, the department estimates the costs associated with reprogramming MiTRIP software to accommodate the changes proposed in the bill to be approximately \$100,000 (one-time).

Although the bill would reduce STF revenue, some applicants for *construction equipment* permits would experience an increase in fee cost as compared to MDOT's current permitting requirements. The amount of the fee decrease or increase for particular applicants would depend on the number of *construction equipment* transport permits the applicant had previously been required to obtain and whether those permits were oversized or overweight permits.

The bill would have no impact on local road agency transport permitting programs or related permit fees assessed by local road agencies.

TABLE
Construction Equipment Multiple-Trip/Annual-Basis Transport Permits
FY 2016-17 Actual Compared to Estimated Impact of House Bill 4644 (S-3)

	<u>Permits Issued</u>	<u>Fee Revenue</u>	<u>Average</u>
<u>Current Law</u>			
Construction - Truck	2,986	\$252,076	\$84.42
Construction - Trailer	2,519	216,411	\$85.91
Construction - Load	<u>10,372</u>	<u>810,945</u>	\$78.19
Total	15,877	\$1,279,432	
<u>House Bill 4644 (S-3)</u>			
Construction - Truck	2,986	\$788,304	\$264.00
Construction - Trailer	N/A	N/A	
Construction - Load	<u>N/A</u>	<u>N/A</u>	
Total	2,986	\$788,304	
Difference		(\$491,128)	

Source: MiTRIP monthly reports of permit activity, FY 2016-17

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.