



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 159 (Substitute S-1 as reported)
Sponsor: Senator Tom Casperson
Committee: Transportation

Date Completed: 3-21-17

RATIONALE

Natural gas is being used more frequently to fuel vehicles. Reportedly, there are about 150,000 vehicles that are powered by natural gas in the United States. Trucks powered by natural gas, however, evidently weigh up to 2,000 pounds more than comparable diesel trucks because the natural gas fuel system is heavier. Previously, natural gas-powered trucks had to comply with an 80,000-pound Federal weight limit for trucks operating on the Interstate Highway System. This was viewed as unfair, as it prevented those trucks from carrying loads equivalent in size to loads carried by diesel trucks. Along with other issues, this concern was addressed by the Fixing America's Surface Transportation (FAST) Act, which was signed into law on December 4, 2015. The Act allows vehicles fueled by natural gas a weight exemption of 2,000 pounds, for a maximum of 82,000 pounds. Since states may set their own commercial vehicle weight standards for highways off the interstate system, some states have created similar exemptions for those vehicles. It has been suggested that Michigan also adopt the exemption, to alleviate the concern over the unequal carrying capacity of vehicles using the two fuel systems, and to provide for regulatory symmetry with the Federal government and surrounding states.

CONTENT

The bill would amend Section 722 of the Michigan Vehicle Code to allow a vehicle that had a gross weight of 80,000 pounds or less and was operated by an engine fueled by compressed or liquefied natural gas to exceed certain axle loading maximums and weight load maximums by an amount determined under the bill, but not by more than 2,000 pounds.

Section 722 prescribes maximum axle loads and gross vehicle weights for various configurations of vehicles. Except as otherwise provided, the maximum axle load may not exceed a designated number of pounds (known as the normal loading maximum) based on the distance between axles.

When normal loading is in effect, the Michigan Department of Transportation, or a local authority with respect to highways under its jurisdiction, may designate certain highways, or sections of those highways, where bridges and road surfaces are adequate for heavier loading, and revise a designation as needed, on which the maximum tandem axle assembly loading may not exceed certain limits, depending on the combination of vehicles, the number of axles, and the distance between them.

In addition, Section 722 specifies loading maximums that apply to interstate highways, and allows the Michigan Department of Transportation, or a local authority with respect to highways under its jurisdiction, to designate a highway, or a section of a highway, for the operation of certain vehicles that are subject to those load maximums.

Under the bill, notwithstanding any other provision in Section 722, a vehicle that had a gross weight of 80,000 pounds or less and that was operated by an engine that was fueled wholly or

partially by compressed or liquefied natural gas could exceed the axle loading maximums and weight load maximums by an amount equal to the difference between the weight of the vehicle attributable to the natural gas tank and fueling system carried by that vehicle and the weight of a comparable diesel tank and fueling system. The amount by which the vehicle could exceed the axle loading maximums and weight load maximums could not be more than 2,000 pounds.

The bill would take effect 90 days after its enactment.

MCL 257.722

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Among all of the alternative fuel sources, natural gas has some of the greatest potential to reduce dependency on foreign oil and achieve market adaption across all classes of motor vehicles operating on roadways. When used as a fuel source, compressed natural gas provides more economic and environmental benefits than some other sources. According to the U.S. Department of Energy, "When used as a vehicle fuel, natural gas can offer life cycle greenhouse gas emissions (GHG) benefits over conventional fuels, depending on vehicle type, drive cycle, and engine calibration." The Department also stated in its January 2017 "Clean Cities Alternative Fuel Price Report" that the national average retail fuel price of compressed natural gas was \$0.21 lower than the cost of gasoline as of that date.

Current Michigan law, however, does not address the unfair situation for operators who use, or wish to use, natural gas vehicles to transport loads of goods or other substances. Because natural gas fuel systems are heavier, vehicles powered by this fuel source are not able to carry as much as trucks fueled by diesel. Reportedly, this results in revenue losses of up to 2% or 3% per load for companies operating natural gas vehicles, and creates the potential for those vehicles to be prohibited from carrying trailers that have a fixed load that cannot be changed easily. The bill would ensure that natural gas vehicles could carry the same loads as other vehicles powered by different fuel sources. This would not only create parity among users of the different fuel sources, but also reduce the number of additional trips that may have to be made to account for the goods that are not loaded, which would help preserve Michigan roadways. Moreover, the bill would assist businesses choosing, or wishing, to invest in a domestic fuel that is cleaner than diesel, and provide incentive for companies to use natural gas vehicles.

Supporting Argument

The FAST Act created a Federal exemption for natural gas vehicles of up to 82,000 pounds total on the Interstate Highway System; in other words, up to 2,000 pounds of the added weight is exempt from the 80,000-pound limit for interstate highways. According to Committee testimony, states surrounding Michigan, such as Illinois, Minnesota, and Ohio, also have adopted the Federal weight exemption for vehicles fueled by natural gas. Regulatory uniformity creates economic certainty and reliability, something that businesses using natural gas vehicles could realize if Michigan incorporated the same weight exemption.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have no fiscal impact on the State and could have a minimal positive fiscal impact on local government. A violation of the size or weight limitations in the Code is a misdemeanor punishable by imprisonment for up to 90 days or a fine of up to \$500, or both. The provisions of

the bill could reduce the number of misdemeanors for violations of the weight maximum. Any reduction in misdemeanor arrests and convictions could reduce resource demands on law enforcement, court systems, community supervision, and jails. Any associated decrease in fine revenue would reduce funding to public libraries.

Fiscal Analyst: Ryan Bergan

SASV1718\159a

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.