



Senate Fiscal Agency  
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## BILL ANALYSIS



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House Bill 4644 (Substitute S-2 as reported)  
Sponsor: Representative Triston Cole  
House Committee: Transportation and Infrastructure  
Senate Committee: Transportation

**CONTENT**

The bill would amend the Michigan Vehicle Code to do the following:

- Require the Michigan Department of Transportation, beginning within two years after the bill's effective date, to allow an applicant to obtain an extended transportation permit for the movement of construction equipment to exceed the size, load, or size and load maximums specified in the Code for a power unit, without requiring a separate permit for each individual piece of equipment carried by that unit.
- Prescribe a \$264 fee for an extended transportation permit, including a permit for an intrastate or out-of-State vehicle or combination of vehicles that exceeded the maximum size but not the maximum weight or load or otherwise not in conformity with the Code.
- Specify that an extended transportation permit could not restrict daily operating hours, and could not require travel of more than 10 miles per hour below the posted speed limit.
- Allow an extended transportation permit holder to store and present it using a mobile device.

MCL 257.725

Legislative Analyst: Drew Krogulecki

**FISCAL IMPACT**

The bill would have an indeterminate, likely negative, fiscal impact on State Trunkline Fund revenue. The bill would provide for the issuance of a new permit, called an *extended transportation permit*, for the movement of *construction equipment* that exceeded Michigan Vehicle Code size and/or load maximums. The new permit would cost \$264, significantly more than the annual oversize permit, which is currently \$30, and the overweight and oversize/overweight annual permits, which are \$100.

For certain types of transport permits, the Department currently requires separate permits for the truck (*pulling unit*), trailer, and each load (e.g., piece of equipment) that will cause a vehicle combination to exceed Code size, weight, or load maximums.

Under the bill, only an *extended transportation permit* would be required for the power hauling unit; additional permits would not be required for each additional piece of equipment that caused the vehicle combination to exceed the Code's 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.)

Requiring the Department to allow applicants to obtain a single *extended transportation permit* for the power unit in the movement of construction equipment would reduce the

number of permits issued, compared to the current practice of requiring separate permits for each load carried by the power unit.

According to monthly permit reports obtained from the Michigan Department of Transportation, 15,877 annual oversize/overweight transport permits were issued in FY 2016-17 for the movement of construction equipment. It is not known how many of those permits were issued for an oversize load (\$30) or for an overweight load (\$100); however, the reports do show that of those nearly 16,000 annual permits issued, 2,986 were issued for the hauling unit. Reports from fiscal years 2014-15 and 2015-16 also show that about 13.5% of all annual construction permits issued were for oversize loads.

Table 1 demonstrates how revenue would be affected under the bill, assuming extended transportation permits would replace annual permits for oversize/overweight construction hauling. It compares projected revenue for the extended transportation permits as a substitute for the actual revenue generated from annual permits for FY 2016-17.

Table 1

	<b>FY 2016-17 Actual</b>		<b>FY 2016-17 under HB 4644 (S-2)</b>	
Construction - Truck	2,986	\$327,497	2,986	\$788,304
Construction - Trailer	2,519	\$216,411	2,519	\$ -
Construction - Load	10,372	\$735,511	10,372	\$ -
<b>Total:</b>	<b>15,877</b>	<b>\$1,279,419</b>	<b>15,877</b>	<b>\$788,304</b>

In addition, the bill does not indicate how long an extended transportation permit would be valid. If, as the analysis assumes above, the extended permit were valid for one year, a loss of nearly \$500,000 per fiscal year is projected. Conversely, if the extended permit were valid for an indefinite duration, the approximate loss of revenue would be \$500,000 in the first year, and \$1.3 million for each year in subsequent years.

Although the net impact on State Trunkline Fund revenue would be negative, some applicants would experience an increase in fee cost compared to the current permitting system. Assuming the Department treated the extended transportation permit as an annual permit, applicants that normally obtain four or more annual transport permits for the movement of construction equipment would likely experience a net decrease in fee cost. Applicants that normally obtain fewer than four permits for the movement of construction equipment would likely experience an increase in fee cost.

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

Date Completed: 12-12-17

Fiscal Analyst: Michael Siracuse