

# Legislative Analysis



## MICHIGAN VEHICLE CODE: OVERWEIGHT VEHICLE PERMIT FEES

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**House Bill 5452 (Substitute H-1)**  
**Sponsor: Rep. Michael D. McCready**  
**Committee: Transportation and Infrastructure**  
**Complete to 5-8-14**

### A SUMMARY OF HOUSE BILL 5452 AS REPORTED FROM COMMITTEE 5-7-14

House Bill 5452 (H-1) would amend Section 725 of the Michigan Vehicle Code to increase the fees charged by the Michigan Department of Transportation (MDOT) and local road agencies for issuing permits for vehicles exceeding normal size, weight, or load restrictions.

### CONTENT OF THE BILL:

A number of sections of the Michigan Vehicle Code, primarily Sections 719 (MCL 257.716) through Section 726 (MCL 257.726) deal with vehicle size, weight, and load limitations. Section 725 authorizes the MDOT with respect to state trunkline highways, and local road agencies with respect to roads under their jurisdiction, to issue permits allowing vehicles to exceed normal size, weight, or load restrictions under defined circumstances. The section also establishes and limits the related permit fees. House Bill 5452 (H-1) would change those permit fees, as shown below:

<b>Oversize/Overweight Permit Fees Section 725, Michigan Vehicle Code</b>		
<b>MDOT <sup>(1)</sup></b>	<b>Current Law</b>	<b>House Bill 5452 (H-1)</b>
<b>Oversize/Overweight <sup>(2)</sup> Single Trip</b>	\$50.00	\$100.00
<b>Oversize/Overweight Multiple/Annual</b>	\$100.00	\$500.00
<b>Oversize Only Single Trip</b>	\$15.00	\$30.00
<b>Oversize Only Multiple/Annual</b>	\$30.00	\$150.00
<b>Local Jurisdictions <sup>(3)</sup></b>	<b>Current Law</b>	<b>House Bill 5452 (H-1)</b>
<b>Oversize/Overweight Single Trip</b>	\$50.00	\$100.00
<b>Oversize/Overweight Multiple/Annual</b>	\$100.00	\$500.00
<b>Oversize Only Single Trip</b>	Limited to Admin. cost <sup>(4)</sup>	No change
<b>Oversize Only Multiple/Annual</b>		
<p>(1) For permits issued by the Michigan Department of Transportation, Section 725 prescribes the permit fee amounts: "The fee charged ... shall be...." Section 725 allows the department to increase permit fees once a year, by no more than the percentage increase in the urban consumer price index.</p> <p>(2) Vehicles that are Overweight or both Oversize and Overweight.</p> <p>(3) For permits issued by local road agencies, Section 725 establishes permit fee maximums: "the fee charged ... shall be not more than...." Section 725 does not provide for fee increases by local road agencies.</p> <p>(4) Fees for permits related to movement of farm machinery are also limited to administrative cost.</p>		

## **FISCAL IMPACT:**

In FY 2012-13, the Michigan Department of Transportation (MDOT) issued 105,244 oversize/overweight permits; total revenue associated with these permits totaled \$4.4 million. These figures are roughly the same as the three-year average for FY's 2010-11, 2011-12, and 2012-13 of 104,000 total permits and \$4.3 million in permit revenue. Revenue associated with permits issued by the Michigan Department of Transportation is credited to the State Trunkline Fund (STF).

House Bill 5452 (H-1) would increase MDOT permit fees as shown in the table above. The amount of the expected revenue increase obtained from those fee increases would depend on the mix of permits issued – overweight/oversized, oversized only, single trip, or annual/multi-trip. Based on a summary of FY 2012-13 permits issued, as provided by the department and shown in the table below, we estimate potential increased permit fee revenue associated with the changes proposed in the bill to be approximately \$11.1 million. We expect to refine this estimate after we obtain more detailed permit fee data from the department.

We do not know the amount of permit fee revenue currently collected by local road agencies. House Bill 5452 (H-1) would increase double maximum allowable local road agency permit fees for overweight vehicle permits and for permits for vehicles that are both oversize and overweight. The bill would not change the fees authorized for permits issued by local road agencies for vehicles that are oversized only; those fees are currently limited to administrative costs.

We note that the bill does not change language in subsection 4, which established additional restrictions on the ability of local road agencies to increase permit fees. This language, added through a 1998 amendment to the section (1998 PA 247), appears to limit local permit fees to 1997 levels.

## **ADDITIONAL BACKGROUND INFORMATION:**

The Michigan Department of Transportation and local road agencies have specific criteria for determining whether or not to issue a permit for a vehicle exceeding normal size, weight, or load limitations. Overweight permits are generally issued only when a load is not divisible into smaller loads, and when there is no other method of transport, such as rail or ship.

Permits establish conditions for the vehicle movement, such as the specific routes to be taken, speed limits, maximum permitted axle weights, and maximum load per square inch of tire. Overweight permits are not issued when seasonal weight restrictions are in force.

Note that a person applying for a permit to move a vehicle that exceeds normal size, weight, or load limitations must obtain a permit from each jurisdiction through which the vehicle will travel. A vehicle originating in another state with a destination in Michigan would also have to obtain necessary permits from the state of origin.

Section 725 was a part of the Michigan Vehicle Code as originally enacted in 1949. The section authorized the state highway department, county road commissions, and local

authorities with respect to roads under their respective jurisdictions to issue permits for vehicles exceeding normal size, weight, and load limitations. The section authorized "*a reasonable inspection fee and such other security as may be deemed necessary to compensate for any damages caused by such [vehicle] movement.*"

The language quoted above is largely retained in current law. However, 1997 PA 80 amended this section to establish specific statutory permit fees - \$50.00 for single trips and \$100.00 for multiple trips. Public Act 80 of 1997 was part of the 1997 transportation funding package that increased truck registration taxes as well as the motor fuel tax on gasoline.

Section 725 was again amended in 1998 by 1998 PA 247 which created separate (lower) permit fees for vehicles that were oversize only – as compared to vehicles that were overweight or both oversize and overweight. Public Act 247 also provided for different fees for permits issued by local jurisdictions as compared to permits issued by MDOT. Public Act 247 also provided a process for MDOT to increase permit fees without additional legislative authorization: fees could be increased once a year not to exceed the percentage increase of the urban consumer price index. The department has not increased permit fees since enactment of this 1998 amendment.

A March 2011 Audit of the Michigan Department of Transportation's Real Estate Division by the Office of Auditor General, Audit Report 591-0172-10, recommended that the department review its fee structure for issuing transport permits to help ensure that fee revenues are sufficient to cover all related costs – including costs related to damage to roads and bridges caused by overweight vehicles.

All states have normal vehicle size, weight, and load limits. And all states provide for vehicles to operate in excess of those normal size weight limits through a permitting process. Michigan's oversize/overweight permit fees appear to be lower than those of neighboring states.

<b>Permits Issued by Michigan Department of Transportation</b>				
		<b>FY 2012-13</b>		
		<b>Single trip</b>	<b>Annual</b>	<b>Total</b>
Overweight		3,248	2,744	5,992
Oversized		56,547	2,252	58,799
Both Oversize/Weight		28,502	11,951	40,453
<b>Total</b>		<b>88,297</b>	<b>16,947</b>	<b>105,244</b>
Revenue				<b>\$ 4,404,453</b>
Average revenue				\$ 41.85

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