

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1246

(Delegate Malone, *et al.*)

Environmental Matters

Judicial Proceedings

Motor Vehicles - Exceptional Milk Hauling Permit - Establishment

This bill establishes separate exceptional hauling permits, which authorize greater gross vehicle weight, for the transport of raw milk for specified vehicles with at least five axles and vehicles with at least six axles between October 1, 2014, and September 30, 2016. Beginning October 1, 2016, a separate exceptional hauling permit is available for vehicles with at least six axles only. The State Highway Administration (SHA) must agree with the Maryland and Virginia Milk Producers Cooperative Association to collect specified data on the number of vehicles operating under one of the new exceptional hauling permits measured within specified weight ranges; the data must be reported annually and SHA must meet with the association annually to review the most recent annual report.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by \$24,000 in FY 2015 only for external computer reprogramming of an SHA automated hauling permit system. TTF expenditures may increase by a significantly greater extent on an annual basis, beginning in FY 2015, for additional highway system preservation and maintenance expenditures, as discussed below. TTF revenues increase, potentially by about \$31,300 annually beginning in FY 2015, from the collection by SHA of hauling permit fees, under the assumptions discussed below.

Local Effect: Local government highway maintenance expenditures may increase for some jurisdictions beginning in FY 2015. Revenues are not affected.

Small Business Effect: Meaningful.

Analysis

Bill Summary: The bill authorizes an exceptional hauling permit to be issued by SHA for a combination of vehicles that carry as the only load raw liquid milk from bulk liquid milk storage tanks at one or more farm locations to a processing plant. To qualify, the combination of vehicles must have either (1) at least six axles and a front-to-rear centerline axle spacing of at least 50 feet or (2) from March 1 until June 30, at least five axles and at least 28 feet between the last axle on the tractor and the first axle on the semitrailer. A vehicle combination with at least six axles that carries milk under an exceptional hauling permit is limited to a maximum of 95,000 pounds gross combination weight. The weight limit is 88,000 pounds if five axles are used. The bill only authorizes the issuance of a permit for vehicles with five axles (between March 1 and June 30) through September 30, 2016, after which time, an exceptional hauling permit may only be issued for vehicles with six axles and up to 95,000 pounds.

Current Law: Chapter 415 of 2011 repealed, effective June 1, 2011, the exceptional hauling permits for milk and forestry products available for certain vehicles in specified counties and replaced the permits with a statewide exceptional hauling permit for all “farm products” under essentially the same parameters. Thus, SHA is authorized to issue an exceptional hauling permit for a combination of vehicles that (1) carries only farm products that are loaded in fields or other off-highway locations and (2) has an axle configuration of not less than *six axles* and a front-to-rear centerline axle spacing of not less than 50 feet.

“Farm product” is defined as any agricultural, horticultural, vegetable, or fruit product of the soil, including livestock, meats, marine food products, poultry, eggs, *dairy products*, wool, hides, feathers, nuts, honey, and every product of farm, forest, orchard, garden, or water, but it does not include canned, frozen, dried, or pickled products.

A combination of vehicles operating under the authority of an exceptional hauling permit issued is limited to (1) a maximum of 20,000 pounds gross weight on a single axle; (2) for any consecutive axle configuration of two or more axles on individual vehicles in combination, the maximum gross weight consistent with federal transportation law; and (3) a maximum of 87,000 pounds gross combination weight.

Background: Prior to the enactment of Chapter 415 of 2011, an exceptional hauling permit was available for transporting forestry products in two counties in Western Maryland and five counties on the Eastern Shore, and an exceptional milk hauling permit was available in Allegany, Anne Arundel, Baltimore, Carroll, Frederick, Garrett, Howard, Montgomery, Prince George’s, and Washington counties. The permit did not authorize its holder to operate on interstate highways.

Chapter 404 of 2007 required SHA and the Department of State Police (DSP) to report to the General Assembly by December 1, 2009, on the use and enforcement of exceptional milk hauling permits authorized under that Act. According to the report, the exceptional hauling permit represented a compromise solution to what was perceived as persistent noncompliance by milk haulers in exceeding highway weight limits. The report stated that milk haulers were making a calculated business decision to disregard the weight limit laws by choosing to pay any overweight vehicle penalties rather than alter hauling operations at a greater cost.

SHA supported establishing the exceptional hauling permit pilot program under Chapter 404 due to its ability to reduce highway infrastructure damage, improve highway safety, increase compliance with State and federal law, and increase the weight limits for milk haulers in a controlled and regulated manner. Despite the many perceived advantages of the permit pilot, SHA noted that, as of the date of publication of the report, not a single hauling permit had been issued. The Department of Legislative Services advises that the lack of participation was likely due to the fact that few milk hauling trucks are equipped with six axles. Nevertheless, SHA and DSP recommended extending the pilot program or making it permanent, while they continued outreach efforts to the milk hauling industry to promote the mutual benefits of the permit program.

Pennsylvania has established a weight limit of 95,000 pounds for vehicle combinations hauling raw milk to or from a manufacturer under a special permit, and a limit of 21,000 pounds for each nonsteering axle. Virginia issues special permits authorizing a maximum gross vehicle weight of 84,000 pounds.

The Maryland Dairy Industry Oversight and Advisory Council recommended in a January 2014 report to Governor O'Malley that the State's five-axle weight limit be increased to 90,000 pounds during the period between March and June to handle the peak seasonal milk production volumes. The council comprises 12 dairy farmers, haulers, and others in the dairy industry as voting members, as well as representatives of the Maryland Department of Agriculture and the Department of Health and Mental Hygiene (DHMH) as nonvoting members and staff.

State Expenditures: TTF expenditures increase by \$24,000 in fiscal 2015 only for external programming of SHA's Automated Hauling Permit System. TTF expenditures may increase to a much greater extent on an annual basis beginning in fiscal 2015 for additional highway system maintenance and preservation expenditures. For context, SHA advises that roadway damage increases by about 67% with a 10,000 pound increase in vehicle weight (and no change in the number of axles), and roadway damage increases by about 111% with a 2,000 pound increase in vehicle weight and a reduction from six axles to five axles. SHA further advises that, assuming 125 trucks obtain an exceptional hauling permit under the bill, and that each truck travels 100,000 miles on

State highways annually, the value of infrastructure damage to the highway system is about \$1.9 million annually. For context, this amounts to about 0.8% of statewide system maintenance expenditures in fiscal 2013; actual increases in system maintenance expenditures may be significantly less due to the limited four-month authorization and particularly beginning in fiscal 2017 when the five-axle exceptional hauling permit is no longer authorized.

State Revenues: TTF revenues may increase by about \$31,250 annually, beginning in fiscal 2015, assuming that 125 trucks pay an annual exceptional hauling permit fee of \$250. Actual revenues vary depending on the actual number of trucks that obtain a hauling permit, particularly if fewer trucks choose to obtain an exceptional hauling permit under the more restrictive provisions beginning October 1, 2016, and to the extent that SHA charges a different permit fee.

Small Business Effect: Small business milk haulers realize a meaningful savings under the bill due to fewer fines paid for violating vehicle weight limits, more efficient operations, and as fewer milk haulers are forced to offload illegally transported milk. DHMH estimates that, on average, one or two milk haulers are required to offload milk each month as a result of violating vehicle weight limits; the value of each load is significant.

Additional Information

Prior Introductions: None.

Cross File: SB 771 (Senator Robey, *et al.*) - Judicial Proceedings.

Information Source(s): Department of State Police, Maryland Department of Transportation, Maryland Dairy Industry Oversight and Advisory Council, Department of Health and Mental Hygiene, Department of Legislative Services

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