

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 420

(Delegate Stull, *et al.*)

Environmental Matters

Judicial Proceedings

Vehicle Laws - Exceptional Milk Hauling Permit - Raw Liquid Milk

This bill authorizes the State Highway Administration (SHA) to issue an exceptional milk hauling permit valid in certain counties for a combination of vehicles that: (1) carries raw liquid milk loaded from bulk liquid milk storage tanks at one or more farm locations; and (2) meets specified axle configurations. An exceptional milk hauling permit is subject to confiscation and/or revocation if the terms of the permit are violated.

The bill terminates September 30, 2011.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) permit fee revenues would increase by \$12,000 annually in FY 2008-2011. Reduced general fund revenues from loss of penalty revenues for overweight vehicles. SHA federal fund expenditures would increase by \$3,400 annually in FY 2008-2011 to compensate the Department of State Police (DSP) for safety inspections performed under the bill.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
GF Revenue	(-)	(-)	(-)	(-)	(-)
SF Revenue	12,000	12,000	12,000	12,000	0
FF Expenditure	3,400	3,400	3,400	3,400	0
Net Effect	\$8,600	\$8,600	\$8,600	\$8,600	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: No direct impact; however, the addition of another axle could mean reduced local expenditures for road repair due to reduced overweight vehicles.

Small Business Effect: Potentially meaningful.

Analysis

Bill Summary: A combination of vehicles must have an axle configuration of six axles or more and a front-to-rear centerline axle spacing of at least 50 feet. It must also comply with a maximum weight limit of 87,000 pounds gross combination weight. These vehicles must comply with other specified weight limits and meet other specified conditions, including passing a semi-annual inspection.

A permit is valid in Allegany, Anne Arundel, Baltimore, Carroll, Frederick, Garrett, Howard, Montgomery, Prince George's, and Washington counties.

Specified records may be requested by the State Highway Administrator or the administrator's designee from the holder of a permit, a facility that receives raw liquid milk delivered under a permit, or from a producer of raw liquid milk having product transported under a permit. Failure to provide the records may result in suspension of the permit or prohibition of a vehicle from picking up raw liquid milk from the producer or delivering raw liquid milk to a noncompliant facility under a permit.

An operator of such permitted vehicles may not: (1) violate specified highway and other restrictions; (2) operate on the Interstate Highway System; or (3) fail to comply with the terms and conditions of the permit. In addition, a holder of a permit is not exempt from any applicable State or federal motor carrier requirements not specifically addressed by the bill.

The fee for an exceptional hauling permit is \$500 for a new permit as well as its annual renewal, payable to SHA. The fee for reinstatement of a permit after it has been revoked is much higher: \$1,000 for the first violation and \$5,000 for a second or subsequent violation within the prior 24 months.

SHA and DSP must report to the General Assembly by December 1, 2009, on the use and enforcement of exceptional milk hauling permits. SHA may stop issuing and renewing permits if the administrator determines that their use is detrimental to the State highway system. However, any such decision must be promptly reported to the General Assembly.

Current Law: Vehicles and combinations of vehicles must meet specified weight limits based on the number of axles in the combination of vehicles, and the distance between the axles. The maximum weight load for a vehicle or combination of vehicles is

80,000 pounds gross weight, and a vehicle or combination of vehicles must have at least five axles in order to carry 80,000 pounds.

Generally, any vehicle with a gross maximum weight in excess of 73,000 pounds may travel only on State highways, except while making a delivery or pickup, and then only when traveling by the shortest available legal route to its destination. There are local exceptions for certain roads in Dorchester and Garrett counties. Vehicles can obtain an overweight vehicle permit from SHA; however, these permits only apply to loads that cannot be divided into smaller loads, such as equipment or a house. An exceptional hauling permit can be obtained for transporting forestry products in Allegany and Garrett counties through May 2010.

Background: By regulation, once a hauler has siphoned raw liquid milk from a storage tank, the remainder of the milk must be removed by the next milking, unless the storage tank has a seven-day recording device and is emptied every 72 hours. As farmers typically milk twice a day, if a farmer does not have a seven-day recording device on the tank, the milk must be removed the same day or discarded, causing a financial loss to the farmer. Storage tanks often contain more than 80,000 pounds.

Trucks hauling raw milk must be certified by the Department of Health and Mental Hygiene (DHMH) to transport milk in the State. A permit is \$5 for the company and an additional \$5 for each truck the company intends to use to haul milk. According to DHMH, 240 trucks are certified to haul raw liquid milk. Of those, 40 to 50 are owned by one company, Klouse Trucking, Inc. and the remaining trucks are owned by approximately 34 companies. Those 34 firms typically own between 1 and 20 trucks. SHA advises that Klouse Trucking has routinely been cited for transporting raw milk on overloaded trucks to processing plants.

State Revenues: SHA estimates that approximately 24 of the 240 certified milk hauling trucks would obtain an exceptional milk hauling permit. SHA also estimates that no reinstatement fees would be collected. Based on these estimates, TTF revenues would increase by \$12,000 annually from fiscal 2008 through fiscal 2011. This estimate assumes that applicants for permits would seek permits shortly after the implementation date and that SHA would issue all 24 permits between October 1, 2007 and December 31, 2007. Further, it assumes that permits would be renewed in the fall of 2008, 2009, and 2010.

Fines are assessed on a per-pound basis. SHA advises that the citations issued for overweight vehicles do not note what type of load a truck is carrying; therefore, SHA could not determine how many citations have been issued for overweight milk trucks.

SHA advises that, 24 vehicles would have higher weight limits, and accordingly would have lower and fewer fines. General funds would therefore decrease from smaller fines for traveling overloaded; however, the exact magnitude of this impact cannot be reliably estimated at this time.

State Expenditures: SHA advises that DSP could conduct the inspections, using federal Motor Carrier Safety Assistance Program funding. SHA already distributes grants to DSP from that program. SHA federal fund expenditures would increase by \$3,400 a year from fiscal 2008 through 2011 for grants to the State police to cover inspection costs. Issuing permits, processing applications, and enforcement could be handled with existing resources.

Small Business Effect: SHA advises that small businesses would potentially have to add another axle to a truck in order to meet the requirements for an exceptional milk hauling permit under the bill. For a similar bill last year, SHA estimated a cost of \$5,000 per vehicle. However, SHA also advises that, given that a truck would be able to transport additional cargo the hauler would eventually be able to recoup the costs of the axle.

Additional Information

Prior Introductions: None.

Cross File: SB 733 (Senator Edwards) – Judicial Proceedings.

Information Source(s): Department of Health and Mental Hygiene, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2007
nas/ljm Revised - House Third Reader - March 27, 2007

Analysis by: Nora C. McArdle

Direct Inquiries to:
(410) 946-5510
(301) 970-5510