

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 563  
Finance

(Senator Pugh)

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**Motor Carrier Companies - Local Public Transportation Systems - Exemption  
from Motor Carrier Permit Requirement**

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This bill exempts a local public transportation system of a county or municipal corporation from the requirement to obtain a motor carrier permit from the Public Service Commission (PSC).

The bill takes effect July 1, 2011.

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**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances, as discussed below.

**Local Effect:** Potential minimal decrease in expenditures and administrative burden for counties and municipalities that own public transportation systems subject to PSC oversight.

**Small Business Effect:** Minimal overall, but beneficial for small businesses that contract to provide transportation services for local governments.

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**Analysis**

**Current Law:** With certain exceptions, a motor carrier permit, issued by PSC, is required for a passenger motor vehicle used in the transportation of persons for hire. Among others, permitting exceptions include:

- motor vehicles used exclusively for the transportation of pupils to and from public or private schools;
- public transportation systems for Allegany, Frederick, and Washington counties;
- the shuttle bus service operated by the University of Maryland when transporting residents of College Park – this exemption expires June 30, 2011; and
- public transportation for hire authorized to operate on the boardwalk in Ocean City.

The Code of Maryland Regulations (COMAR 20.95.01.09) establishes conditions under which a vehicle with a motor carrier permit must operate. Vehicles operating under a permit are required to have specified insurance coverage or a bond, and must charge rates and operate under a schedule approved by PSC. Additionally, PSC may enter a motor vehicle for purposes of inspecting the vehicle, vehicle equipment, or records of the carrier. PSC may also require an owner of a motor vehicle to provide an inspection certificate from a facility licensed to perform motor vehicle inspections.

State transportation law requires buses and multipurpose vehicles designed to carry at least 16 passengers to receive an inspection at least every 25,000 miles or 12 months, whichever comes first. During regular business hours, a State police officer, a hazardous materials inspector, or a PSC inspector may enter the premises and inspect equipment and review and copy records related to a preventative maintenance program of a commercial vehicle.

**Background:** Most counties operate transit systems, as do the municipal corporations of Annapolis, Laurel, and Ocean City. Most are intended to provide transit to the elderly or the disabled. A number of these systems apply to the Maryland Transit Administration for State and federal funding, in addition to local funding and/or revenue from passenger fares (also known as farebox recovery). These systems are listed in **Exhibit 1**.

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**Exhibit 1**  
**Major Local Transit Systems**  
**Fiscal 2010**

<u>System</u>	<u>Local Agency</u>	<u>Service</u>			
		<u>DF</u>	<u>DR</u>	<u>FR</u>	<u>Taxi</u>
<i>County Systems</i>					
Allegany	Allegany County Transit		x	x	
Anne Arundel	Department of Aging and Department of Planning and Zoning		x		x
Baltimore City	Department of Aging				x
Baltimore	Department of Aging – County Ride		x		
Calvert	Office of Transportation	x	x	x	
Carroll	Carroll Area Transit System	x	x		
Cecil	Department of Aging	x	x		
Charles	VanGO	x	x	x	
Dorchester	Delmarva Community Transit	x	x	x	
Frederick	Frederick Transit	x	x	x	
Garrett	Garrett Transit Services		x		
Harford	Department of Community Services	x	x	x	
Howard	Howard Transit		x	x	
Kent, Caroline, Talbot	Delmarva Community Transit	x	x	x	
Montgomery	Ride-on			x	
Prince George's	The Bus		x	x	
Queen Anne's	Department of Aging – County Ride	x	x	x	
St. Mary's	St. Mary's Transportation Services	x	x	x	
Washington	Washington County Commuter		x	x	
Lower Shore TCC	Shore Transit	x	x	x	
<i>Municipal Systems</i>					
Annapolis	Annapolis Transit	x		x	
Ocean City	Ocean City Transit		x	x	
Laurel	Central Maryland Regional Transit			x	

**Service Types**

DF – Deviated Fixed Route

DR – Demand Response

FR – Fixed Route

Taxi – Voucher Program for the Elderly or Disabled

TCC: Tri-County Council for Lower Eastern Shore

Source: Maryland Transit Administration

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There are four categories of local transportation systems:

- *fixed-route*, in which the transit system vehicles run on regular, predesignated, prescheduled routes, with no deviation;
- *demand response*, in which vehicles providing transit do not follow a fixed route but travel throughout the community transporting passengers according to their specific requests;
- *deviated fixed-route*, in which a bus or van passes along fixed stops and keeps to a timetable but can also deviate its course between two stops to go to a specific location for a prescheduled request; and
- *voucher system*, in which an individual is provided a voucher for a private taxi.

The deviated fixed-route, demand response, and voucher local transit systems tend to be limited to the elderly or the disabled.

**State Fiscal Effect:** PSC monitors over 1,000 motor carrier permits, 17 of which are identified as government contract carriers. PSC enforces insurance requirements and performs its own inspection of motor carrier vehicles once per year. Reducing the number of vehicles with PSC issued motor carrier permits reduces the workload for PSC inspectors, but does not have a material impact on PSC expenditures.

PSC administrative expenditures are charged to all public service companies through an annual assessment. Removing local government motor carriers from PSC purview will reduce the amount charged to local governments and increase the pro-rata share paid by other public service companies; therefore, PSC revenues are not affected.

**Local Fiscal Effect:** Most counties and some municipalities operate or contract for the operation of transportation services by vehicles subject to PSC oversight. Thus, by exempting local public transportation systems from the requirement to obtain a motor carrier permit from PSC, local expenditures associated with permit fees and associated requirements (such as safety inspections) decrease. The PSC annual assessment to all local government carriers was approximately \$20,000 in fiscal 2011.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None designated; however, HB 431 (Delegate Love, *et al.* – Economic Matters) and its cross file, SB 401 (Senator Glassman – Finance) are identical.

**Information Source(s):** City of Bowie, Maryland Municipal League, Maryland Association of Counties, Montgomery County, Office of the People’s Counsel, Public Service Commission, Department of Legislative Services

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