

HB 768**Department of Legislative Services**
Maryland General Assembly
2017 Session**FISCAL AND POLICY NOTE**
Third Reader - Revised

House Bill 768

(Delegate Otto, *et al.*)

Environment and Transportation

Judicial Proceedings

Motor Vehicles - Seasonal Exceptional Poultry Hauling Permit

This bill authorizes the State Highway Administration (SHA) to issue an exceptional hauling permit for a combination of vehicles carrying live poultry on the Eastern Shore from a farm to a processing facility from November 1 until April 30 of the following year. A vehicle operating under an exceptional poultry hauling permit must (1) comply with a gross combination vehicle weight limit of 88,000 pounds; (2) have an axle load limit of 20,000 pounds; (3) have one of two specified axle configurations; and (4) submit to specified motor carrier safety inspections. The bill establishes a goal of phasing in a requirement that, by October 31, 2022, 75% of vehicles operating under an exceptional poultry hauling permit have a six-axle configuration. SHA must monitor and annually report on compliance with the phased-in requirement. If the poultry industry does not meet a threshold of 45% of such vehicles having at least a six-axle configuration by October 31, 2020, the bill terminates at that time. Otherwise, the bill remains in effect for two more years and terminates October 31, 2022.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by \$65,000 in FY 2018 for computer reprogramming and likely increase for three to five years for additional highway system preservation and maintenance. SHA can handle reporting requirements with existing resources. TTF revenues increase by approximately \$37,500 from exceptional hauling permit fees, potentially through FY 2022. General fund revenues likely decrease, to the extent that fewer vehicles are assessed fines for exceeding permitted weight tolerances because of higher limits allowed under the bill.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	(-)	(-)	(-)	(-)	(-)
SF Revenue	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
SF Expenditure	\$65,000	-	-	-	-
Net Effect	(-)	(-)	(-)	(-)	(-)

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

Local Effect: Local government highway maintenance expenditures likely increase, for counties on the Eastern Shore, for three to five years beginning in FY 2018. Revenues are not affected.

Small Business Effect: Meaningful.

Analysis

Bill Summary: The authorization under the exceptional poultry hauling permit applies only in the nine counties on the Eastern Shore of Maryland during the six-month period from November 1 through the following April 30 each year. An exceptional poultry hauling permit may be issued for five successive years, but only if sufficient progress is made in attaining the phased-in goal of 75% of the poultry processing facility industry's combinations of vehicles having an axle configuration of at least six axles. Otherwise, the bill and related permit authorization terminate after three years. Specifically, the bill establishes the following goals for attaining a six-axle configuration:

- 15% by October 31, 2018;
- 30% by October 31, 2019;
- 45% by October 31, 2020;
- 60% by October 31, 2021; and
- 75% by October 31, 2022.

Poultry processing facilities in the same nine counties on the Eastern Shore must submit to SHA by October 1 of each year a list of each combination of vehicles used for carrying live poultry under an exceptional poultry hauling permit. The submission for each vehicle must include (1) the vehicle identification number; (2) the number of axles; (3) the most recent date of inspection; and (4) the current mileage. SHA must use that information to determine the progress made toward meeting the goal and then annually report on its determination to the Senate Judicial Proceedings Committee and the House Environment and Transportation Committee.

The bill generally subjects the exceptional poultry hauling permit to the existing framework and requirements for other exceptional hauling permits. Accordingly, a combination of vehicles must comply with a maximum of 20,000 pounds gross weight on a single axle.

However, the bill establishes requirements specific to this permit, including an overall gross weight limit of 88,000 pounds for a combination of vehicles. Such a combination of vehicles must also have *either* an axle configuration of at least five axles with axles that are at least 96 inches apart *or* an axle configuration of at least six axles. In addition, to

qualify for an exceptional poultry hauling permit under the bill's authority, a combination of vehicles has to submit to a motor carrier safety inspection as specified in the Transportation Article as well as submit to and pass *either* a North American Standard Vehicle Level 5 or a North American Standard Driver/Vehicle Level 1 inspection twice a year. A person operating such a vehicle must have in his or her possession a copy of the inspection report (issued within the preceding 180 days) that shows no out-of-service violations.

As under current law, SHA may stop issuing or renewing these exceptional hauling permits if the administrator determines that their use is adversely affecting any part of the State highway system.

Current Law:

Vehicle Weight Limits

Specified vehicles (that are registered as farm vehicles or carrying farm products) are permitted an axle load limit tolerance of 5% from established limits in the Transportation Article. During harvest seasons for wheat, corn, soybeans, and vegetable crops, the axle load limit tolerance is 15% (relative to the specified limits in the Transportation Article). Similar provisions relate to vehicles carrying forest products.

The gross weight of any vehicle or combination of vehicles may not exceed 80,000 pounds, including any enforcement or statutory tolerances. This limit applies to a vehicle or combination of vehicles with five or more axles; lower limits apply to vehicles or combinations of vehicles with fewer axles.

Fines apply to violations for exceeding permitted weight tolerances – with \$33 in court costs due, plus 1 cent for each pound for the first 1,000 pounds over the limit. The fines escalate based on how much over the limit the violator is.

Exceptional Hauling Permits

Chapter 451 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 them with a statewide exceptional hauling permit for all “farm products” under essentially the same parameters. Such a permit is subject to a maximum of 87,000 pounds gross combination weight and applies to combinations of vehicles with at least six axles. “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.

Chapter 450 of 2014 established two separate exceptional hauling permits for the transport of raw milk. One was available only seasonally for a two-year period and applied to combinations of vehicles with at least five axles and a maximum gross vehicle weight of 88,000 pounds. The other continues to be available year-round and applies to combinations of vehicles with at least six axles; the maximum gross vehicle weight for that permit is 95,000 pounds. Chapter 450 also removed the authorization for an exceptional farm hauling permit to haul milk.

Other weight limits apply to a combination of vehicles operating under the authority of an exceptional hauling permit (whether for farm products or raw liquid milk).

Failure to comply with the terms and conditions of the exceptional hauling permit voids the permit.

An applicant for an exceptional hauling permit must pay SHA \$250 for a new or renewal annual permit and \$30 for issuance of a 30-day permit. Fees are substantially higher to reinstate a permit that was revoked (\$1,000 for a first violation and \$5,000 for a second or subsequent violation within the prior 24 months).

State Expenditures: TTF expenditures increase by \$65,000 in fiscal 2018 only for external computer reprogramming of SHA's automated hauling permit system. TTF expenditures likely increase for at least three years and potentially five years beginning in fiscal 2018 for additional highway system maintenance and preservation. Any such impact cannot be reliably quantified as it depends on the extent to which the bill's authorization for heavier loads is utilized; however, the poultry processing facility industry is likely to take advantage of the ability to obtain an exceptional hauling permit for combinations of vehicles with only five axles. As the percentage of vehicles with six-axle configurations must increase in order to maintain the permit in fiscal 2021 and 2022, such expenditures are likely moderated in those years.

For context, SHA has advised for previous legislation 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 has also advised for similar legislation that, assuming 125 vehicles obtain an exceptional hauling permit, and that each vehicle travels 100,000 miles on State highways annually, the value of infrastructure damage to the highway system is about \$1.9 million annually.

State Revenues: TTF revenues increase by about \$37,500 annually through fiscal 2022, which assumes the six-axle configuration goal is met according to the schedule established by the bill and the permit is maintained for all five years. This estimate also reflects 150 permits being issued annually at \$250 each. Actual revenues vary depending on the

number of vehicles that obtain an exceptional hauling permit. The estimate assumes the October 1, 2017 effective date does not affect the number of permits issued in the first year since the permit is valid from November 1 through the following April 30.

General fund revenues likely decrease due to fewer fines imposed for carrying excess weight.

Small Business Effect: Any small businesses engaged in the transport of live poultry may be meaningfully affected by the bill, as the bill permits them to carry heavier loads, particularly for combinations of vehicles with only five axles, than allowed under current law. Businesses that opt to be issued an exceptional hauling may also benefit from paying fewer penalties for overweight limits.

Additional Information

Prior Introductions: None.

Cross File: Although designated as a cross file, SB 917 (Senator Mathias, *et al.* - Judicial Proceedings) is not identical.

Information Source(s): Caroline, Kent, Queen Anne's, and Worcester counties; Maryland Department of Agriculture; Department of State Police; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2017
mm/ljm Third Reader - April 6, 2017
Revised - Amendment(s) - April 6, 2017

Analysis by: Eric Pierce

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