



**House
Legislative
Analysis
Section**

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NEW GVW CLASS FOR TRUCKS

House Bill 5159 as enrolled
Public Act 226 of 1995
Second Analysis (1-9-96)

Sponsor: Rep. David Galloway
House Committee: Transportation
Senate Committee: Transportation and Tourism

THE APPARENT PROBLEM:

At present, the Michigan Vehicle Code provides different gross vehicle weight (GVW) categories for commercial vehicle licensure in which the minimum elected GVW is 24,000 pounds, which includes the weight of the vehicle and its load. Thus, a trucker whose vehicle and load does not exceed 24,000 pounds would pay a fee of \$378. The next weight class ranges from between 24,001 pounds and 28,000 pounds. The current GVW system poses a problem for some truckers who wish to haul up to 26,000 pounds but choose not to due to federal licensing requirements that apply to vehicles licensed to haul over 26,000 pounds. Under federal rules for commercial vehicles, owners of trucks operated at more than 26,000 pounds GVW are subject to more stringent licensing standards than those operating at less than this: for example, they would need a commercial driver's license (CDL), be subject to the International Registration Plan, and--beginning January 1, 1996--would be subject to the International Fuel Tax Agreement. Thus, Michigan truckers who wish to haul no more than 26,000 pounds must elect to operate either in the first GVW category, which reduces their hauling capacity by 2,000 pounds and cuts into their profit margins, or in the second tier with its more costly licensure requirements. Some people believe the problem could be rectified simply by establishing another GVW category of between 24,001 pounds and 26,000 pounds, whose registration fee would be the same as that for the current second-tier GVW category.

In a related matter, some farmers own their own larger vehicles for transporting their produce from the farm to market. Under current law, they must pay a registration tax that applies only to the hauling of farm produce. If they should decide to use such a vehicle to transport other goods or materials, however, they are required to pay another registration tax that can vary depending on the goods that are hauled. Some people believe this constitutes double taxation and, thus, have requested an amendment that would subject farmers who own such vehicles to only one registration tax, albeit the highest one applicable to the nonfarm use.

THE CONTENT OF THE BILL:

Currently under the Michigan Vehicle Code, commercial vehicles weighing between 24,001 pounds and 28,000 pounds require a fee of \$429. The bill would establish a new GVW class for vehicles weighing between 24,001 pounds and 26,000 pounds, but would keep the registration fee for this new weight class the same as that for vehicles weighing between 26,001 pounds and 28,000 pounds--that is, \$429.

In addition, the act provides that, for a road tractor, truck, or truck tractor owned by a farmer and used exclusively in connection with his or her farming operations, or used for the transportation of the farmer and his or her family, and not used for hire, the registration fee is 74 cents per 100 pounds of empty weight of the vehicle. Under the bill, if one of these vehicles also were used for a nonfarming operation, the farmer would be subject to the highest registration tax applicable to the nonfarm use of the vehicle, but would not be subject to more than one tax rate under the act.

MCL 257.801

FISCAL IMPLICATIONS:

The Department of State says the bill would not affect state or local budget expenditures. (1-9 -96)

ARGUMENTS:

For:

The bill simply would establish a second tier GVW weight category for commercial trucks weighing from 24,001 pounds to 26,000 pounds, whose registration fee would be the same as what currently applies to vehicles ranging from 24,001 pounds to 28,000 pounds. Thus, truckers who wished to haul up to 26,000 pounds GVW could buy a Michigan license enabling them to maximize their capacity without being subject to federal rules that kick in for vehicles licensed to haul over 26,000 pounds. Under Michigan's present licensing

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system, a trucker who wants to haul no more than 26,000 pounds GVW either must elect registration at 24,000 pounds GVW and forego 2,000 pounds in carrying capacity, or elect at the second GVW tier and be subject to federal CDL licensure requirements and international law governing registration and fuel taxes--a cost prohibitive choice.

For:

The bill includes an amendment to accommodate farmers who own larger semi-trucks for hauling their farm produce, but occasionally use these vehicles for transporting non-farm goods. Current law requires that they pay a separate registration fee for instances when they haul only farm goods, and another fee when non-farm goods are transported. Under the bill, they would have to pay the highest registration fee applicable to the nonfarm use of their vehicle, but would not have to pay more than one registration fee.

■ 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.