

The benefit/cost analysis  
was performed in 1997



JTRP/INDOT RESEARCH PROGRAM

# Research Pays Off

## Permits for Overweight/ Oversize Trucks

This project was initiated in July 1994 in response to a State Legislature [P.L. 122-1993 Section 7] request that the Indiana Department of Transportation (INDOT) consider the feasibility of issuing annual permits under IC 9-20-5 and IC 9-20-6 of the Code. The INDOT permit office had become saturated with requests for overweight permits since 1989. The number of requests had almost doubled over the last five years. Truckers calling in for a permit would have to dial for 1 to 2 hours just to get a line and then hold for 30 minutes for longer to reach an permit clerk. Concern

of the legislature was certainly warranted.

At stake was a source of revenue set up to assess truckers in a fair manner for the added road damage that the trucks over 80,000 pounds caused the roads and bridges of Indiana. The study involved surveying the permit processes by other states, reducing and analyzing the data from 569,000 (five years) of permit records, devising models for permit possibilities and preparing a timely report for INDOT to use in discussions with the legislature.

### Research Findings and Implementation

From the survey of most other states, it was learned that no state handles permits for overweight trucks exactly like any other state. Where there was annual permits whose fee was usually set by law, the persons interviewed all wished that they had a system like the present Indiana system where the trucks were charged an equitable amount related to the damage done. In Indiana over 1600 firms obtain overload permits with about 80% obtaining one to five permits per year. Thus annual permits would only appeal to those whose level of business warranted it, while those with less business would still get permits on a trip by trip basis. Eventually this would lead to some market consolidation since the small trucking company would pay a higher percentage of the price of hauling for his permit, giving the large company an economic advantage. The annual permit loses one of the advantages of the present system, namely a fee charging heavier vehicles in proportion to their use of the highway.

A pure annual permit would improve permit clerks handling less routine calls, while at the same time provide flexibility to the truckers for handling their fleet. Such a fee, however, then set low enough to appeal to the trucker produced a loss of revenue considerably lower than the revenue now generated. The Table below indicated the probable results of three annual per company permit levels, \$200, \$1000, \$2500. Per truck annual permits will provide some more revenue, but would lead to truck reassignment to maximize the use per permit.

As a result of these findings, the present permit process stayed in effect. Administrative changes were implemented such as use of fax permits with overnight approval, improved operator software, publishing road restrictions on the web, etc. Ultimately a voice-response phone system approved for certain truck configurations would automate over 70% of the permit requests.

## Benefits

The legislature did not implement a new permit process of providing the opportunity for an annual fee for those carriers who do most of the hauling of overweight/oversize loads in Indiana. This benefit amounts to retaining about \$2.4 million of state revenue per year. This policy analysis was performed in a timely way and averted a discounted 20 year revenue loss of over \$16 million. Policy research provided facts developed from

the analysis of five years of actual permit data, examination of the operational approach of the trucking industry and consideration of alternative solutions for improving the process.

*Cost of  
Research  
\$32,000*

## Estimated Economic Value Over 20 Years At 5% Discount Rate

Annual Fee	Companies Participating	Revenue from Permit Process	Annual Revenue Lost	Discounted Loss Averted (20 years)
None	1604	\$2,388,000	0	
\$200	954	\$267,000	2,121,000	\$26.5 million
\$1000	275	\$725,000	1,663,000	\$20.8 million
\$2500	182	\$1,100,000	1,288,000	\$16.1 million

## Assumptions

- That the State Legislature was in the process of listening to the grievances of the truckers and would have installed an annual fee if possible.
- That the annual fee would have been between \$200 and \$2500 per company. At the average level of permit usage of 4.22 per truck, this would amount to an annual permit per truck in the range of \$50 to \$500.
- Today the average permit costs about \$65.00 per trip.
- That those truckers who didn't wish to pay the annual fee could continue to purchase permits on a trip by trip basis.
- That it is important to retain a pay as you go fee structure for overweight trucks so that they share the burden of the added or accelerated damage they do to the highway.
- The Michigan train permits would be done by automated tone-response permit requests.
- That the state would provide highway information, such as detours, previously given over the phone to truckers, on the web.

## References

- Moffett, D. P., Whitford, R. K., "Development of Annual Permit Procedure for Overweight Trucks On Indiana Highways," Joint Highway Research Project FHWA/IN/JHRP-95/5 Final Report, December 1995