

Office of the Auditor General

Preliminary Survey Summary

Permitting Activities

Michigan Department of Transportation

July 2025

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.



OAG

Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

July 30, 2025

Michael D. Hayes, Chair
State Transportation Commission
and
Bradley C. Wieferich, PE, Director
Michigan Department of Transportation
Murray D. Van Wagoner Building
Lansing, Michigan

Chair Hayes and Director Wieferich:

This is our preliminary survey summary of Permitting Activities, Michigan Department of Transportation. Because we did not identify significant concerns to warrant the additional use of our audit resources, we decided to terminate this performance audit.

We appreciate the courtesy and cooperation extended to us during our preliminary survey. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler
Auditor General

PRELIMINARY SURVEY SUMMARY

PERMITTING ACTIVITIES

RESULTS

Our preliminary survey did not identify significant concerns to warrant the additional use of our audit resources to complete a performance audit. Therefore, we terminated this project and did not conduct sufficient testing to conclude on the Permitting Activities' overall effectiveness and efficiency.

FACTORS IMPACTING AUDIT TERMINATION

- We reviewed the population of approximately 139,000 permits for oversize and overweight vehicles and loads, including 1,700 superload permits, issued between October 1, 2023 and March 31, 2025 and determined the Michigan Department of Transportation (MDOT) permit agents timely reviewed and approved:
 - Oversize and overweight permit applications in approximately 1 hour, on average. This was well under MDOT's internal goal of issuing permits within 12 business hours.
 - Superload permit applications within 1 business day, on average. This was significantly less than MDOT's internal goal of issuing the superload permits within 10 business days from the receipt of a completed application.
- We reviewed 8 oversize and overweight issued permits, including 2 superload permits, and determined:
 - Dimensions, weights, and load descriptions were listed on all permits requiring those specifications.
 - Appropriate levels of approval were obtained for all 8 (100%) permits based on the permit type and the route, when applicable.
- We reviewed 10 individual and 6 annual permits authorizing work within the State's highway right-of-way or adjacent boundaries and determined all permits were appropriately reviewed and approved.
- We reviewed the February 2025 Illegal and Non-Compliant Billboards report for use in surveying State trunkline routes and determined MDOT is actively following up on illegal noncompliant billboards.
- We re-created three completed daily revenue reconciliations between October 1, 2024 and December 15, 2024 to determine whether permit fees were collected and accurately recorded.

OBSERVATIONS

MDOT has not increased fees for single-trip and annual oversize, legal weight permits since 1998 or the fees for annual permits for the movement of construction equipment since 2018. MDOT informed us it had not established a review process to determine whether it should annually adjust these permit fees. According to the Michigan Vehicle Code, MDOT may increase these fees once per year based on the percentage increase of the Consumer Price Index for All Urban Consumers (CPI-U). We noted:

- Section 257.725 of the *Michigan Compiled Laws* states the fees MDOT charges may be increased annually beginning after October 1998 based on the change in the CPI-U for the immediately preceding 12-month period. As of March 2025, the CPI-U has nearly doubled since the establishment of the single-trip and annual oversize permit fees.
- MDOT updated the fee structure for annual construction equipment permits in May 2018 in accordance with Section 257.725 of the *Michigan Compiled Laws* (Public Act 17 of 2018, as amended) to allow a construction fleet to utilize one permit for the movement of construction equipment rather than separately issuing truck, trailer, and equipment permits. This allowed for identical trailers, for example, to be used interchangeably rather than requiring the company to permit all trailers within its fleet. Even though the *Michigan Compiled Laws* increased the construction vehicle permit fees from \$100 to \$264, the House Fiscal Agency predicted a decrease in permitting revenue due to the decrease in permits required for construction companies. The CPI-U increased by nearly 26% from October 2018 to October 2024.

The table below illustrates the permit fees as of May 30, 2025 and the potential maximum fees allowable according to the increase in the CPI-U since the fees were originally established:

Table 1: Maximum Allowable Oversize Permit Fees Based on Increases in the CPI-U

	Single-Trip Oversize ¹	Annual Oversize ¹	Annual Permits for the Movement of Construction Equipment ²
Current fees	\$15	\$30	\$264
Potential fees if adjusted by CPI-U	\$27	\$55	\$332
¹ The current fee was established in October 1998.			
² The current fee was established in May 2018.			

During the period October 1, 2023 through March 31, 2025, there were approximately 45,000 single-trip permits and 5,000 annual

permits issued for oversize vehicles or loads, creating a potential loss of \$0.7 million in revenue. Also, a potential loss of nearly \$0.5 million in revenue is attributed to the approximately 7,000 annual construction equipment permits issued during the same period (see Exhibit 1 for the oversize permitting populations).

The table below shows a comparison of Michigan's permit fees for oversize, legal weight vehicles or loads with neighboring states' fees for similar permits. Each state has its own laws pertaining to permitting oversize and overweight loads. For example, Michigan is an axle-weight state, whereas the other states in the table below are gross-weight states. Similarly, Michigan is not a toll state, whereas Illinois, Indiana, and Ohio are toll states. We noted:

Table 2: Michigan's Oversize Permit Fees Compared With Neighboring States as of June 30, 2025

Oversize Permits	Michigan	Illinois	Indiana	Ohio	Wisconsin
Single-Trip	\$15	\$12 to \$125	\$20 to \$40	\$75 to \$110	\$15 to \$25
Annual	\$30	\$400 to \$1,000	\$405	\$980 to \$1,180	\$60 to \$90
Annual Construction Equipment	\$264	\$400 to \$600	N/A	\$100	N/A

N/A = Not available.

Also, the billboard vegetation removal application and permit fees have not increased since 2014. Section 252.311 of the *Michigan Compiled Laws* requires MDOT to annually adjust the billboard vegetation removal application and permit fees to ensure the fees cover the total cost of application evaluation and processing, permit issuance, and all departmental responsibilities associated with the permits. According to the CPI-U, prices have increased by approximately 32% since 2014. The table below illustrates the permit fees as of June 30, 2025 and the maximum allowable increase had the fees been adjusted annually in relation to the CPI-U:

Table 3: Maximum Allowable Billboard Vegetation Removal Application and Permit Fees Based on Increases in the CPI-U

	Billboard Vegetation Removal	
	Application	Permit
Current fees	\$150	\$500
Potential fees with CPI-U increases	\$198	\$660

Revenue for billboard vegetation removal applications and permit fees was approximately \$23,000 lower than if MDOT increased fees with the CPI-U according to the *Michigan Compiled Laws* (see Exhibit 4 for additional vegetation permitting statistics).

BACKGROUND

Description: MDOT's Utility Coordination, Permits and Agreements Section (UCPAS) is responsible for reviewing and approving applications for various permits such as oversize and overweight vehicles and loads operating on State trunklines; construction, utility, environmental work, or vegetation management within the trunkline right-of-way; and billboard advertising and junkyard screening adjacent to the trunkline right-of-way (see Exhibit 4). MDOT's 7 regions and 22 Transportation Service Centers (TSCs) review and approve work applications within their geographical boundaries in addition to reviewing and approving the predetermined travel routes for superload permits.

UCPAS administers the permitting processes including:

- Issuing permits for the movement of vehicles or loads to travel on State and federal highways which exceed the size or weight limitations specified by law. Permit agents ensure the movement of the oversize and overweight vehicle or load is safe for the general public, maintains protection for the highway surfaces and structures, and minimally interferes with the normal flow of traffic. MDOT permitted approximately 139,000 oversize and overweight vehicles or loads from October 1, 2023 through March 31, 2025 generating \$6.9 million in revenue (see Exhibit 1).
- Regulating the use of the State highway right-of-way and adjacent boundaries for utility work, construction, and private and public entity use. MDOT collected \$2.5 million in fees for right-of-way permits from October 1, 2023 through March 31, 2025 (see Exhibit 2).
- Acting as the primary liaison between other State government agencies, the Federal Highway Administration, utility companies, and private landowners working within the right-of-way, as necessary.
- Ensuring Michigan's billboard advertising along State trunklines complies with Michigan's Highway Advertising Act. Michigan permits approximately 14,000 billboards with renewal fees and other related revenue totaling \$1.6 million for the 18-month period from October 1, 2023 through March 31, 2025 (see Exhibit 3).

Expenditures: UCPAS expended \$3.5 million between October 1, 2023 and March 31, 2025.

Employees: As of May 15, 2025, UCPAS had 17 full-time employees and 2 seasonal or non-career employees.

SCOPE

Our preliminary survey generally covered October 1, 2023 through March 31, 2025 and included a limited review of MDOT's permitting processes, assessment of applications, and timeliness of permit issuance for the following permit types:

- Oversize and overweight permits, including:
 - Single-trip and annual permits.
 - Annual permits for the movement of construction equipment.
 - Superload permits.
- Right-of-way permits.
- Highway advertising permits, including:
 - Billboard permit renewals.
 - Digital billboard permits.

PURPOSE

Within a performance audit, we design the preliminary survey to obtain an understanding of the core activities within an entity or a program and to identify potential program improvements and/or deficiencies that could impair management's ability to conduct its operations in an effective and efficient manner. If the results of a preliminary survey do not identify significant concerns, our practice is to terminate the planned performance audit.

Preliminary survey procedures are limited in nature and should not be considered a completed performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our preliminary survey procedures would not necessarily disclose the presence or absence of any material conditions and/or reportable conditions. Given the procedures we employed did not constitute a performance audit, we will not issue a performance audit report, and we do not express conclusions regarding the Permitting Activities' effectiveness or efficiency.

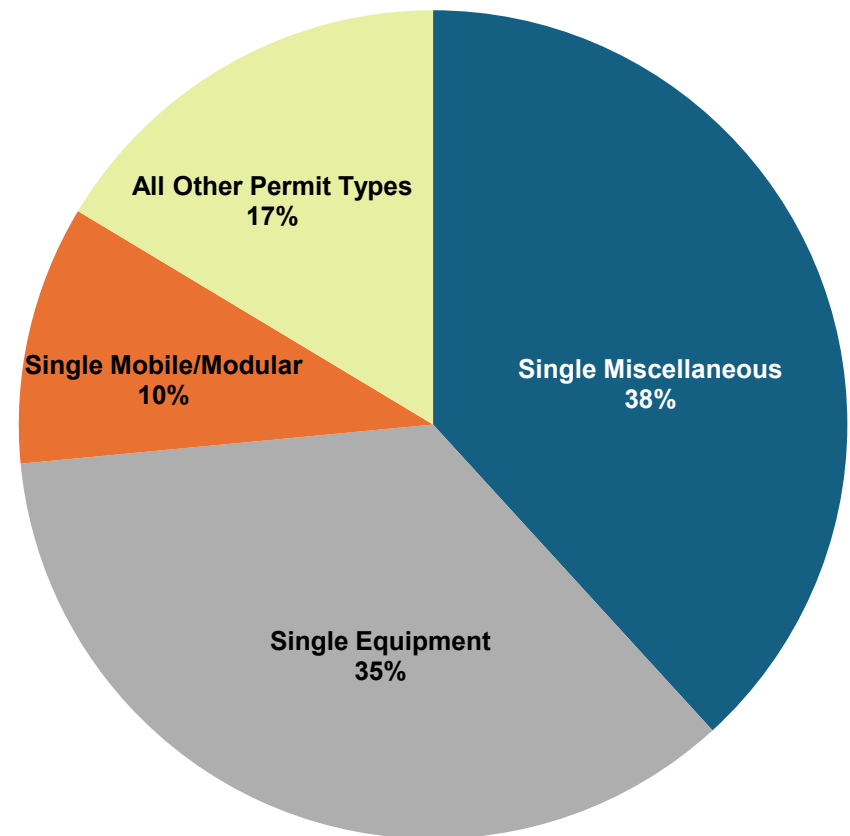
SUPPLEMENTAL INFORMATION

UNAUDITED
Exhibit 1

PERMITTING ACTIVITIES
Michigan Department of Transportation

Count of Oversize/Overweight Permit Types
From October 1, 2023 Through March 31, 2025

Permit Type	Number	Amount
Single Miscellaneous	53,117	\$ 1,842,015
Single Equipment	49,029	2,196,485
Single Mobile/Modular	14,063	210,945
Construction Truck	6,881	1,804,968
Miscellaneous Trailer	3,294	190,553
Miscellaneous Truck	2,680	151,309
Miscellaneous Object	1,864	109,530
Pipe/Pole Truck	1,775	55,902
Single Super	1,722	80,015
Agriculture Trailer	878	32,639
Agriculture Truck	786	29,470
Pipe/Pole Trailer	767	24,876
Single Intern	740	37,000
Wrecker	524	64,554
Miscellaneous Combination	316	19,830
Raw Forest	221	28,838
Mobile/Modular	182	6,965
Empty Self-Propelled	58	6,354
Boat Lift Trailer	44	1,646
Single H/Build	36	1,800
Snow Plow	7	359
Total	138,984	\$ 6,896,053

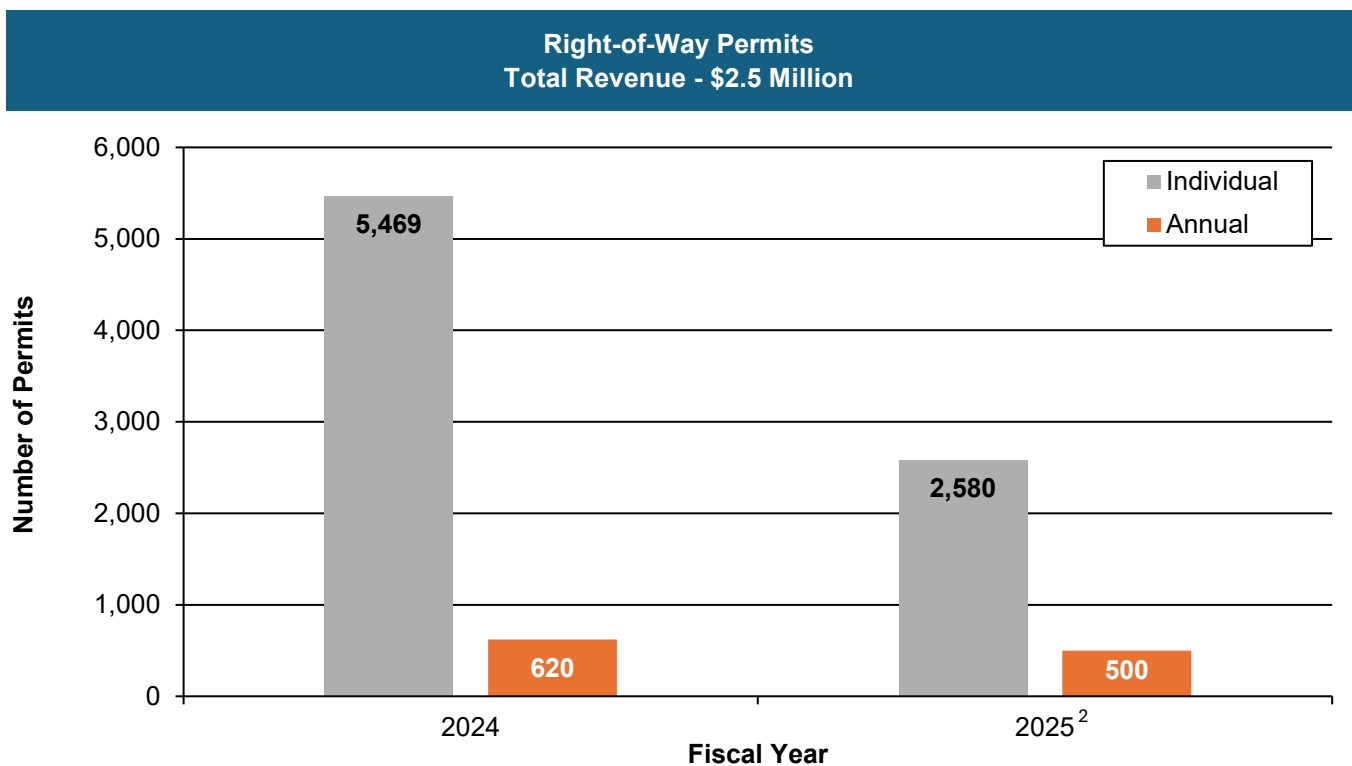


Source: The OAG prepared this exhibit using data obtained from MDOT's Michigan Transport Routing and Internet Permitting System (MiTRIP).

PERMITTING ACTIVITIES
Michigan Department of Transportation

Right-of-Way Permit Types¹ Issued
From October 1, 2023 Through March 31, 2025

Fiscal Year	Number of Right-of-Way Permits Issued		Amount of Fees Collected
	Individual	Annual	
2024	5,469	620	\$ 1,651,513
2025 ²	2,580	500	827,307
Total	8,049	1,120	\$ 2,478,820



¹ Individual permits include work within the State highway right-of-way, which does not include work undertaken by MDOT personnel or contractors.

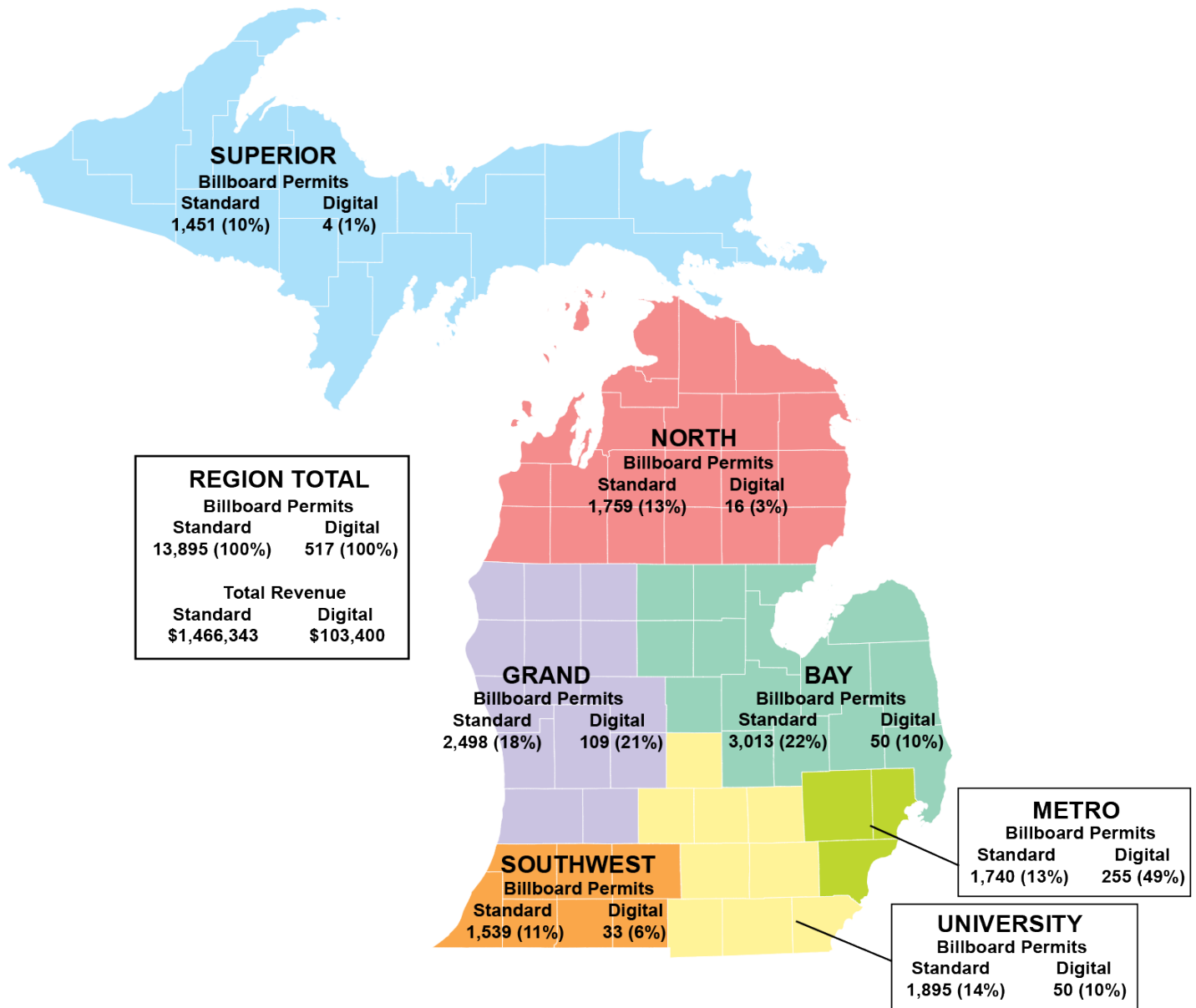
Annual permits enable public utilities, local governmental agencies, and other organizations recognized by MDOT to perform routine miscellaneous activities within a given calendar year.

² Fiscal year 2025 includes the permit revenue from October 1, 2024 through March 31, 2025.

Source: The OAG prepared this exhibit based on data obtained from MDOT's Construction Permit System (CPS).

PERMITTING ACTIVITIES
Michigan Department of Transportation

Standard and Digital Billboard Permits Issued by Region
From October 1, 2023 Through March 31, 2025

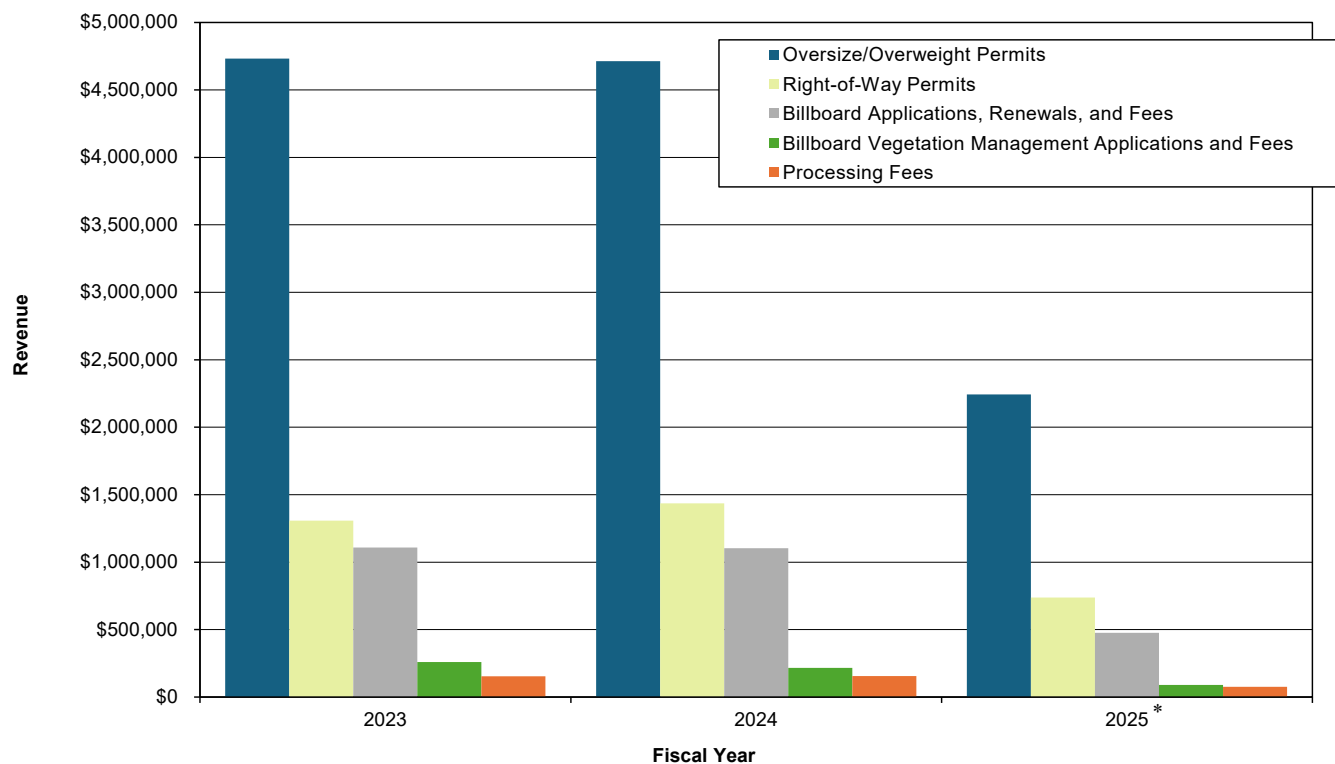


Source: The OAG created this exhibit using MDOT's region map and MDOT's Internet Highway Advertising Program (IHAP) Reports.

PERMITTING ACTIVITIES
Michigan Department of Transportation

Permit Revenue
From October 1, 2022 Through March 31, 2025

Fiscal Year	Oversize/Overweight Permits	Right-of-Way Permits	Billboard Applications, Renewals, and Fees	Billboard Vegetation Management Applications and Fees	Processing Fees	Total
2023	\$ 4,731,614	\$ 1,308,232	\$ 1,108,343	\$ 259,943	\$ 153,202	\$7,561,334
2024	\$ 4,712,700	\$ 1,434,913	\$ 1,102,633	\$ 216,600	\$ 155,206	\$7,622,051
2025*	\$ 2,243,413	\$ 737,179	\$ 475,713	\$ 90,129	\$ 75,546	\$3,621,979



* Fiscal year 2025 includes the permit revenue from October 1, 2024 through March 31, 2025.

Source: The OAG prepared this exhibit based on data obtained from the Statewide Integrated Governmental Management Applications, MDOT's permit systems (MiTRIP, IHAP, and CPS), and MDOT Permit Gateway.



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