

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 168 (Delegate Mohorovic)
Environmental Matters

Vehicle Emissions Inspection Program - Exemptions - Disabled Individuals and Seniors

This bill modifies the existing exemptions for the disabled and the elderly under the Vehicle Emissions Inspection Program (VEIP). In the case of a motor vehicle for which special registration plates have been issued, the vehicle is exempt from the scheduled mandatory inspection if: (1) an owner of the motor vehicle meets the disability requirements; and (2) the vehicle meets the existing qualifications required for an exemption. A motor vehicle is also exempt from the scheduled mandatory inspection if: (1) any owner of the motor vehicle is at least 70 years of age at the time of the inspection; and (2) the vehicle meets the existing qualifications required for an exemption.

Fiscal Summary

State Effect: Potential significant increase in Transportation Trust Fund (TTF) expenditures related to an increase in VEIP contract costs and administrative costs by broadening the existing exemptions from the VEIP test and its associated fee. *Under one set of assumptions*, expenditures could increase by \$293,600 in FY 2002. Future year expenditures would be annualized and adjusted for inflation.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 480 of 1999 (HB 1038) provides that a motor vehicle for which special registration plates have been issued is exempt from the mandatory inspections of VEIP if: (1) all of the owners meet specified disability requirements; (2) the motor vehicle is driven less than 5,000 miles annually; and (3) the exemption is not otherwise prohibited by federal law. In order to qualify for the exemption, all owners of the motor vehicle must certify: (1) that the owner of the motor vehicle meets specified disability requirements; (2) that the motor vehicle is driven 5,000 miles or less annually; and (3) the motor vehicle's current odometer reading.

Chapter 480 of 1999 also provides that a motor vehicle owned by an individual who is at least 70 years of age is exempt from the mandatory inspection and testing requirements of VEIP if: (1) all of the owners of the vehicle are at least 70 years of age; (2) the motor vehicle is being driven 5,000 miles or less annually; and (3) the exemption is not otherwise prohibited by federal law. In order to qualify for the exemption, all owners of the motor vehicle must certify: (1) that all owners are at least 70 years of age; (2) that the vehicle is being driven 5,000 miles or less annually; and (3) the current odometer reading.

Background: In response to requirements of the federal Clean Air Act (CAA), Maryland has operated a vehicle emissions inspection and maintenance (I/M) program in various parts of the State since 1984. Maryland's VEIP was reauthorized in 1991 through legislation requiring the Motor Vehicle Administration (MVA) and the Maryland Department of Environment to establish an expanded and enhanced I/M testing program in compliance with the 1990 Amendments to the CAA. As amended in 1990, the CAA requires all areas of the country to achieve specific air quality standards for ozone, and provides penalties for states failing to achieve the standards. Penalties include limits on new industries, loss of federal highway funds, and imposition of a federal implementation plan.

Approximately 1.2 million vehicles are required to submit to the VEIP test annually. Current test fees are \$14 per vehicle, with the test required every two years.

State Expenditures: According to the MVA, approximately 45,000 vehicles currently meet the requirements for exemptions from the VEIP test. The MVA also reports that an accurate estimate of the number of additional vehicles that would be eligible for an exemption as a result of this bill cannot be made at this time. The MVA then goes on to estimate that the bill could result in a 50% increase (22,500) in the number of VEIP exemptions.

The current test fee is \$14 per vehicle. Under the existing contract for VEIP, test fees are retained by the contractor and used to offset contract costs. The MVA is billed for any additional contract costs, which are borne by the TTF. Because the contractor's revenues would decrease by \$14 for every additional waiver that occurs as a result of this bill, TTF expenditures would increase by the same amount. *For illustrative purposes only*, if the bill results in an additional 22,500 waivers, contract costs would increase by an estimated \$315,000 annually beginning in fiscal 2003. Due to the bill's October 1, 2001 effective date, contract costs would increase by an estimated \$236,200 in fiscal 2002.

The MVA reports that if the bill results in an additional 22,500 waivers, it would need to hire two additional customer service representatives to manage additional correspondence and screen waiver requests. Under that assumption, in addition to the increase in VEIP contract costs, TTF expenditures would increase by approximately \$57,400 in fiscal 2002 for salaries and fringe benefits, one-time start-up costs, and ongoing operating costs. Total TTF expenditures would, therefore, increase by approximately \$293,600 in fiscal 2002. Future year estimates would reflect: (1) full salaries with a 6.5% increase in fiscal 2003 and a 4.5% increase each year thereafter, with 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) ongoing contractual costs of \$315,000 annually.

Legislative Services advises, however, that because the number of additional waiver requests cannot be reliably estimated at this time, the need for additional customer service representatives is unclear. Should the bill result in a substantial increase in the number of waiver requests, the MVA can seek additional funds through the annual budget process.

Additional Information

Prior Introductions: Similar legislation was introduced as SB 81 of 2000. The bill received an unfavorable report by the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Maryland Department of Environment, Maryland Department of Transportation (Motor Vehicle Administration), Department of Legislative Services

Fiscal Note History: First Reader – January 30, 2001
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