

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 873

(Senator Glassman)

Judicial Proceedings

Vehicle Emissions Inspection Program - Alternate Tests and Inspections

This bill requires the Motor Vehicle Administration (MVA) and the Maryland Department of the Environment (MDE) to use an alternate exhaust emissions test and an alternate emissions equipment and misfueling inspection for a vehicle that cannot take or pass the primary test or inspection because a “check engine” or “maintenance required” light is on or because the speedometer is not operating properly. MVA and MDE may develop and use a previously used Vehicle Emissions Inspection Program (VEIP) test or inspection method.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase significantly beginning in FY 2014 to the extent that MVA is required to retrofit each VEIP station with the equipment needed to implement alternative emissions tests and inspections and to increase the management fee for operation of the VEIP program. Federal fund revenues may decrease significantly for the Maryland Department of Transportation (MDOT) and/or MDE beginning in FY 2014 to the extent that federal funds are withheld or sanctions imposed for violations of the federal Clean Air Act. General and special fund expenditures may increase in FY 2014 for MDE for contractual assistance from a consultant with expertise in the development of new emissions inspection standards based on the idle test.

Local Effect: The bill is not anticipated to materially affect local operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law/Background: In response to requirements of the federal Clean Air Act, Maryland has operated VEIP in various parts of the State since 1984. All model year 1977 and newer vehicles in the State, unless specifically exempt, must be inspected and tested every two years. MVA and MDE must set the VEIP fee for each vehicle to be inspected and tested, which may not exceed \$14. The current fee is \$14.

State VEIP regulations require the following tests for the following vehicles:

- an idle exhaust emissions test, catalytic converter check, and gas cap leak test for vehicles of model year 1977 through 1995 that are 8,500 pounds or less;
- an on-board diagnostic (OBD) test for vehicles of model year 1996 and newer that are 8,500 pounds or less;
- an idle exhaust emissions test, catalytic converter check, and gas cap leak test for vehicles of model year 1977 through 2007 that are between 8,500 pounds and 14,000 pounds;
- an OBD test for vehicles of model year 2008 or newer that are between 8,500 pounds and 14,000 pounds; and
- an idle exhaust emissions test, catalytic converter check, and gas cap leak test for vehicles of model year 1977 or newer that are between 14,001 and 26,000 pounds.

An OBD system is defined by State regulations as an emissions control diagnostics system installed on a vehicle as required by the Clean Air Act, which identifies deterioration or malfunction of vehicle systems and stores the information for retrieval. According to MDE, the OBD system is a critical part of a vehicle's emissions control system that monitors virtually every component of a vehicle that affects emissions performance. The check engine light is activated when the OBD system detects a malfunctioning part that affects emissions. For this reason, federal law requires that, when the "check engine" light is illuminated, repairs must be completed.

In addition to being a federal requirement, MDE advises that the OBD test is important because there is no feasible alternative test appropriate for today's vehicle technology or sensitive enough to accurately measure emissions levels as low as exist on modern vehicles. One alternative test that had been previously used in the VEIP program was the dynamometer test. However, the dynamometers have all been removed from VEIP stations and disposed of in the transition to using OBD tests. The idle test is a second alternative, which is still in use for older vehicles, but which is not accurate enough to be appropriate for more modern vehicles.

MDE advises that, in the most recent two-year cycle of VEIP tests, OBD tests were conducted on 2.9 million vehicles, of which about 225,000 had a “check engine” or “maintenance required” light illuminated or a malfunctioning speedometer.

State Expenditures: MVA advises that the bill requires the installation of capital equipment at each of the 18 VEIP stations in the State and an increase in the annual management fees paid to the VEIP operating vendor.

According to MVA, the cost to install a four-wheel-drive dynamometer and component emissions analyzer, including equipment costs and installation and permitting services is roughly \$650,000 per site, or about \$11.7 million for all 18 VEIP stations. Additionally, software development and integration is estimated to cost about \$500,000. Therefore, the total capital costs of installing a previously used alternative test and inspection method is about \$12.2 million in fiscal 2014.

MVA advises that the current management fee for the vendor that operates the VEIP program needs to be adjusted based on the additional test and inspection parameters. The vendor estimated an additional charge of about \$3 million annually, or about \$2.25 million in fiscal 2014, which accounts for the bill’s effective date.

The Department of Legislative Services advises that this estimate is based on the installation of a dynamometer test and inspection process at all 18 VEIP stations. It is unclear to what extent other alternative tests or inspection methods may be available to implement the bill, potentially at a lower cost.

MDE advises that if it were also necessary to ensure that the vehicle idle test could serve as part of the alternative test and inspection process under the bill, MDE would need to contract with an outside consultant with expertise in the development of new emissions inspection standards. Thus, general and/or special fund expenditures may increase further.

Additional Information

Prior Introductions: None.

Cross File: HB 444 (Delegate Impallaria, *et al.*) - Environmental Matters.

Information Source(s): Maryland Department of the Environment, Maryland Department of Transportation, Department of Legislative Services

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mc/ljm

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