

**Department of Legislative Services**  
 Maryland General Assembly  
 2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 125 (Senator Serafini)  
 Judicial Proceedings

**Vehicle Emissions Inspection Program - Exemptions**

This bill exempts from mandatory emissions inspections a qualified hybrid vehicle with an owner who meets specified disability requirements. The bill also exempts from mandatory emissions inspections a qualified hybrid vehicle with an owner older than age 70. If a vehicle has multiple owners, each owner must meet the specified requirements for an emissions inspection exemption. The owner or owners of a vehicle must also certify on a form provided by the Motor Vehicle Administration (MVA) that they meet the disability or age exemptions established by the bill.

The bill defines “qualified hybrid vehicle” as a motor vehicle that (1) meets the current vehicle exhaust standard set under the National Low-Emission Vehicle Program for gasoline-powered motor vehicles and (2) obtains propulsion from both gasoline or diesel fuel and a rechargeable energy storage system.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues decrease by as much as \$71,600 in FY 2017 and \$95,500 annually thereafter. Expenditures may increase minimally for initial reprogramming costs in FY 2017 but are otherwise not affected.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SF Revenue	(\$71,600)	(\$95,500)	(\$95,500)	(\$95,500)	(\$95,500)
Expenditure	0	0	0	0	0
Net Effect	(\$71,600)	(\$95,500)	(\$95,500)	(\$95,500)	(\$95,500)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Potential minimal impact on small businesses that provide repairs on vehicles that fail emissions tests. Because the bill exempts specified hybrid vehicle owners from emissions testing, the owners may be less likely to seek repairs necessary to pass the State emissions test.

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## Analysis

**Current Law:** In response to requirements of the federal Clean Air Act, Maryland has operated the Vehicle Emissions Inspection Program (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 the Maryland Department of the Environment (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.

Certain types of vehicles are currently exempt from VEIP, including:

- vehicles with a model year of 1976 or earlier;
- vehicles weighing more than 26,000 pounds (gross vehicle weight);
- vehicles powered solely by diesel or electric;
- motorcycles;
- vehicles registered as a farm truck, farm truck tractor or farm area vehicle;
- historic or antique vehicles;
- new vehicles for the first 24 months and qualified hybrids for the first 36 months after titling and registration;

- any fire apparatus owned or leased by the State of Maryland, a county, municipality, or volunteer fire department or rescue squad;
- ambulances;
- vehicles registered to owners age 70 or older, or vehicles registered with hard metal disabled tags, that are driven 5,000 miles per year or less (if co-owned, both owners must qualify for the waiver, and mileage must be recertified every two years to continue to receive the waiver);
- vehicles registered as a Class N (street rod) vehicle;
- military vehicles owned by the federal government and used for tactical, combat, or relief operations, or for training for these operations; and
- vehicles registered as a Class H (school vehicle) or Class P (passenger bus).

**Background:** All vehicles registered in Maryland (unless specifically exempt) must undergo VEIP inspections. According to MVA, motorists drive approximately 135 million miles in Maryland daily, an amount that increases each year. VEIP ensures a vehicle is operating efficiently and, thus, reduces air pollution created by vehicle emissions (a major component of smog). VEIP is jointly administered by MVA and MDE. MVA is responsible for collection of motorist test fees and payment of operations contractor fees.

Current law allows specified disabled motorists and senior motorists to apply for an exemption from VEIP if they drive 5,000 miles or less annually. The exemption benefits affected motorists while also limiting the negative air quality effects (via the mileage cap) of foregoing the emissions inspection. The bill allows the same categories of motorists to qualify for a VEIP exemption if the vehicle is a qualified hybrid vehicle, regardless of how many miles the vehicle is driven.

MDE advises that VEIP is an important air quality program that provides air pollution reductions by identifying vehicles with emissions-related malfunctions that require repair. MDE also advises any VEIP exemption likely reduces the effectiveness of the program. Finally, MDE notes that Maryland has adopted the California Low Emission Vehicle standards, which are stricter than the referenced national standards.

**State Revenues:** MVA advises there are 6,776 nondisabled hybrid vehicle drivers age 70 or older and 6,862 hybrid vehicle drivers who are disabled (13,638 total). Assuming all hybrid vehicle drivers who qualify for the bill's emissions inspection exemption choose to take advantage of the exemption, the expected biennial revenue loss is, at most, \$190,932 (13,638 x \$14 VEIP fee). This estimate also assumes none of the vehicle owners already participates in the current law exemptions noted above.

Vehicle inspections are only required every two years; thus, assuming approximately one-half of such vehicles would be due for inspection each year, the revenue loss is at most \$95,466 each year. However, given the bill's October 1, 2016 effective date, the fiscal 2017 impact is at most a \$71,600 revenue loss. This estimate does not account for any growth in the number of hybrid vehicle drivers who qualify for the exemption. However, because some individuals could opt to use a VEIP kiosk, which carries a slightly lower fee (\$10 rather than \$14) beginning in February 2014, such impacts may offset.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

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