

Department of Legislative Services  
 Maryland General Assembly  
 2019 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 52 (Delegates Wivell and McKay)  
 Environment and Transportation

Vehicle Emissions Inspection Program - Exemptions - Vehicles With Low Annual Mileage

This bill exempts *all* motor vehicles driven 5,000 miles or less annually from the Vehicle Emissions Inspection Program (VEIP) if the exemption is not otherwise prohibited by federal law. The owner must certify that the vehicle is driven 5,000 miles or less annually on a form provided by the Motor Vehicle Administration (MVA). By exempting all vehicles driven 5,000 miles or less annually, the bill repeals existing requirements that the vehicle owner meet specified disability or age criteria in order for the vehicle to be exempt.

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) revenues decrease by approximately \$5.0 million in FY 2020 and by \$6.7 million in subsequent years. TTF expenditures increase by approximately \$211,500 in FY 2020 only for reprogramming.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
SF Revenue	(\$5,019,600)	(\$6,692,800)	(\$6,692,800)	(\$6,692,800)	(\$6,692,800)
SF Expenditure	\$211,500	\$0	\$0	\$0	\$0
Net Effect	(\$5,231,100)	(\$6,692,800)	(\$6,692,800)	(\$6,692,800)	(\$6,692,800)

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

**Local Effect:** None.

**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 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.

**Exhibit 1** shows the required tests by vehicle type and model year.

---

### Exhibit 1 Required VEIP Tests by Model Year and Vehicle Weight

<u>Required Tests</u>	<u>Model Year</u>	<u>Vehicle Weight</u>
Gas Cap Test	1977 through 1995	8,501 - 26,000 pounds
On-board Diagnostic Test	1996 and newer (powered by gasoline or propane)	8,500 pounds or less
	2008 and newer (heavy duty vehicles)	8,501 - 14,000 pounds
Idle Exhaust Emissions Test	1977 through 1995 (powered by gasoline or propane)	8,501 - 26,000 pounds
	2008 and newer (heavy duty vehicles)	14,001 - 26,000 pounds

Source: Motor Vehicle Administration

---

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 farm trucks, farm truck tractors, or farm area vehicles;

- historic or antique vehicles;
- new vehicles 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 Class N (street rod);
- 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 Class H (school vehicle) or Class P (passenger bus).

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 vehicles are 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.

MDE advises that the federal Clean Air Act requires vehicle emissions inspections in Maryland because areas of the State exceed federal standards for ground-level ozone air pollution. MDE further advises that motor vehicles produce over one-third of the ozone-forming emissions that contribute to low air quality as well as nitrogen pollution in the Chesapeake Bay. The purpose of VEIP is to identify vehicles that are emitting excessive levels of pollutants and ensure that they are repaired.

MDE also notes that, during the 2017-2018 two-year VEIP cycle, approximately 129,316 senior and disabled motorist exemptions were issued. The exemptions comprised approximately 5% of the total population of VEIP-eligible vehicles during that time period. The relative percentage of senior and disabled citizen exemptions has grown by approximately 25% since 2003. In combination with the existing exemption provided for historic vehicles, MDE notes that these exemptions total about 7% of all vehicles that would otherwise be tested.

**State Revenues:** MVA and MDE estimate that a large number of vehicles is likely exempted by the bill – perhaps as many as 20% of vehicles in the State, although a precise estimate cannot be made at this time due to insufficient data.

The fee structure for VEIP testing is site based. Emissions testing conducted at a VEIP station is \$14, whereas testing conducted at a self-service kiosk is \$10. Based on recent data, MVA notes that 94% of tests are conducted at a VEIP station and the remaining 6% are conducted at a self-service kiosk.

If the vehicle owner does not have the vehicle tested within the required timeframe, late fees are assessed. The late fee is \$15 and is assessed the day after the due date (and every four weeks thereafter until paid). Based on fiscal 2018 data, MVA notes that late fees comprise a significant portion – about 40% – of all VEIP revenues.

MVA anticipates a \$5.0 million decrease in VEIP revenues in fiscal 2020 and a \$6.7 million decrease in subsequent years. In addition to the fee amounts noted above, this estimate is based on the following assumptions:

- the total number of vehicles eligible for VEIP testing (*i.e.*, those that are not already exempt under current law) is 3,474,256;
- half of the eligible vehicles (1,737,128) are required to be tested each year; and
- 20% of the annually eligible vehicles (347,425) qualify for the new exemption.

**State Expenditures:** TTF expenditures increase by \$211,500 for reprogramming changes in fiscal 2020 only. Internal reprogramming can be handled with existing resources.

While additional audits may be necessitated under the bill to ensure that vehicle owners who self-certify are compliant with mileage requirements, MVA anticipates utilizing automated reporting systems in order to flag vehicles and does not anticipate requiring additional staff under the bill to conduct the audits.

---

### **Additional Information**

**Prior Introductions:** HB 316 of 2018 received an unfavorable report from the House Environment and Transportation Committee.

**Cross File:** None.

**Information Source(s):** Maryland Department of the Environment; Department of State Police; Maryland Department of Transportation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 5, 2019  
an/ljm

---

Analysis by: Eric F. Pierce

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510