

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1038 (Delegate Hubbard, et al.)
Environmental Matters

**Vehicle Emissions Inspection Program -
Technician Certification and Repair Facilities**

This bill requires the Motor Vehicle Administration (MVA) to administer a program that certifies repair facilities to inspect and repair vehicles that have failed the Vehicle Emissions Inspection Program (VEIP). The administration must also develop a program to certify master certified emission technicians. The administration may establish standards by regulation for these programs, and may charge a fee that cannot exceed the direct cost of administering the programs.

A VEIP inspection facility may issue an emissions equipment repair order if the vehicle fails an initial emissions test at the facility. This repair order directs the owner of the vehicle to have the emissions equipment corrected within a specified period of time at a certified repair facility of the owner's choosing; the owner must send the administration a repair order certification that states that the vehicle passed inspection at a certified repair facility. The administration must provide emissions equipment repair order forms and repair order certification forms, and must suspend the registration of any vehicle that has failed to comply with an issued repair order within the specified period.

Fiscal Summary

State Effect: Significant indeterminate increase in special fund revenues and expenditures.

Local Effect: None, as discussed below.

Fiscal Analysis

State Effect: Special fund expenditures at MVA would increase by an indeterminate but significant amount due to the requirements of setting up and administering the certification program for facilities and individuals. MVA would need to:

- inspect facilities to ensure that equipment installation and operations are properly conducted;
- issue a license to facilities authorizing VEIP-related repairs; and
- create and administer a test to certify mechanics.

It is assumed that the annual costs of performing these functions will be offset by the fees collected from facilities and mechanics. There are currently about 1,400 safety inspection facilities statewide, but it cannot be determined at this time how many of these facilities would apply to be certified for VEIP-related repairs or inspections. The costs for the equipment needed could be prohibitive in many cases. It is unclear from the legislation if a certified facility would need to collect and remit any late fees if the vehicle owner did not have a retest conducted within the allowed time period. If this is the case, then it is assumed that MVA would periodically audit facilities to ensure that these fees are being properly collected and remitted. To the extent that any of these activities can be combined with the existing framework for inspection stations, expenditures would be reduced.

Should an applicant be refused a license, a hearing may be requested to appeal a decision to the Office of Administrative Hearings (OAH). OAH receives reimbursable funds from the various agencies depending upon the portion of time spent on cases for that agency. Therefore, an increase in OAH hearings for these issues will be realized as additional expenditures for the MVA.

Under this bill, up to 96,000 retests could be conducted at certified repair facilities rather than VEIP inspection stations given 1.2 million initial tests. An additional 35,500 would fail the initial retest. Therefore, up to 131,500 fewer tests would occur at VEIP inspection stations (out of 1.3 million tests overall). This represents a workload reduction of approximately 10% if all retests are handled at repair facilities. This could result in some operating cost savings if the MARTA contract could be renegotiated.

It should be noted that if the MARTA contract is broken or modified, the State could potentially be held liable for costs including severance pay, unemployment payments, and overhead and development costs that otherwise would have been recouped through normal operations under the terms of the current contract. Should there be no negotiated settlement on these issues, the case would go before the Board of Contract Appeals.

It is assumed that State agencies could continue to conduct VEIP-related repairs on their own

fleets, and have retests at the normal VEIP inspection station. However, if repairs and retests would have to be conducted at a certified facility, State expenditures on these activities could increase. Currently, retests are free at these stations (though late fees are charged). It is assumed that the certified facility would charge some sort of fee for these retests, and that repairs could be more expensive if only certified facilities can make them.

Local Effect: It is assumed that local governments could continue to conduct VEIP-related repairs on their own fleets, and have retests at the normal VEIP inspection station. However, if repairs and retests would have to be conducted at a certified facility, local expenditures on these activities could increase. Currently, retests are free at these stations (though late fees are charged). It is assumed that the certified facility would charge some sort of fee for these retests, and that repairs could be more expensive if only certified facilities can make them.

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

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