

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 283 (Senator Stone, *et al.*)
Judicial Proceedings

**Vehicle Emissions Inspection Program - Waivers - Minimum Qualifying
Expenditures**

This bill provides that the minimum expenditure on emissions-related vehicle repairs to qualify the vehicle owner for a waiver under the Vehicle Emissions Inspection Program (VEIP) will continue to be set at \$150 through 1998. On January 1, 1999, the minimum expenditure for such emissions-related repairs will be set as required by federal law.

Fiscal Summary

State Effect: None, as discussed below.

Local Effect: None.

Small Business Effect: Potential meaningful effect on small businesses as discussed below.

Fiscal Analysis

State Effect: Currently, the federal minimum qualifying expenditure waiver of \$450 is set to take effect as of January 1, 1998.

Maryland has submitted to the Environmental Protection Agency (EPA) its state implementation plan (SIP) to reduce 15% of the Volatile Organic Compound (VOC) emissions in the nonattainment areas by May 15, 1997. Maryland's SIP proposes to adopt the federal limit of \$450 in minimum qualifying expenditures and does not include extension of the current \$150 limit. EPA has yet to make a determination on whether to approve the plan.

Continuing the \$150 waiver limit would result in a loss of air pollution reduction benefits that is required under Maryland's SIP. However, the Maryland Department of Environment

(MDE) advises that since other states have been granted an extension on initiating the federal waiver limit, Maryland may also be accorded flexibility on the waiver limit. If so, the approval of Maryland's SIP and the requirements for the 15% reduction plan would not be at risk.

Small Business Effect: There are currently between 8,000 and 10,000 mechanics and 2,200 service stations statewide. A minimum of \$150 of repair work performed on a vehicle that failed the initial emissions test would allow the vehicle to waive the emissions retest. To the extent that vehicle owners utilize mechanics and service stations for VEIP related repairs to qualify for waivers, this bill could affect the revenues of these small businesses. Small business would continue only to be able to perform up to \$150 of repairs. Under current law, the minimum expenditure would increase to \$450 on January 1, 1998 and the affected businesses would be able to conduct repair work up to this amount. Should Maryland extend its current limit, these small businesses would forego up to \$300 in revenue per vehicle for one year.

Conversely, small businesses that own vehicles could benefit under this bill. Small businesses that own vehicles that fail the emissions test may continue to pay a maximum of \$150 to qualify for a waiver under the VEIP. Should the federal requirements be applied, these small businesses would have to pay up to \$450 to qualify for an emissions test waiver.

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

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