

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 448 (Delegates O'Donnell and Owings)
Environmental Matters

Vehicle Emissions Inspection Program - Calvert County

This bill prohibits the enhanced Vehicle Emissions Inspection Program (VEIP) from being implemented in Calvert County if the county has been reclassified as being in attainment with national ambient air quality standards and the Environmental Protection Agency (EPA) approves a maintenance plan that does not require VEIP testing in the county.

The bill is effective June 1, 1997.

Fiscal Summary

State Effect: Potential indeterminate effect on expenditures. Revenues would not be affected.

Local Effect: Potential indeterminate decrease in expenditures. Revenues would not be affected.

Small Business Effect: Potential meaningful effect on small businesses in Calvert County.

Fiscal Analysis

Background: The Vehicle Emissions Inspection Program (VEIP) was enacted in 1979 to comply with the Federal Clean Air Act. Implementation was postponed, but was later authorized to begin by January 1984 following the threat of federal sanctions. In 1990 the federal Clean Air Act Amendments were adopted, requiring more stringent air quality standards. Since Maryland had an existing contract with Systems Control, Inc. (SCI), the Environmental Protection Agency (EPA) allowed Maryland an extension until January 1,

1995 to implement an enhanced program. This new program involved more comprehensive

test procedures, and increased the counties affected from 8 to 14.

In July 1993, the Board of Public Works awarded a \$96.9 million contract to construct and operate the new testing system to MARTA Technologies, Inc. The operating contract consists of a three-year base period with two one-year options. If the options are exercised, the operating contract period would run from January 1995 to December 1999. However, in 1994 public opposition to the VEIP program grew, and several states suspended plans to implement enhanced emissions testing programs. In Maryland, Chapter 428 of 1996 delayed the implementation date of the enhanced VEIP program to June 1, 1997. In addition, delays by MARTA in implementing the VEIP program delayed all testing from January 1995 until June 1995. Subsequent contract renegotiations with MARTA lowered the contract award by approximately \$1 million.

The Maryland Department of Transportation (MDOT) conducted various audits of MARTA's performance during 1996 and found deficiencies from the original request for proposals (RFP) document. Excessive wait times and inadequate bookkeeping were two of the principal deficiencies cited from the audits. Consequently, management reductions of \$316,330 were assessed against contractor performance. MARTA has since improved performance, which is now considered satisfactory by MDOT.

In August 1996, MARTA announced the intent to transfer its state emissions contracts with Florida, Ohio, and Maryland to Envirotech Technologies, Inc. After a due diligence period, a final settlement could not be reached on the transfer of Maryland's contract due to financial considerations. MARTA maintains it will continue to provide emissions testing in Maryland; the Ohio contract is being transferred to Envirotech. MARTA's contract is set to be available for renewal as of April 1, 1998.

State Expenditures: The Maryland Department of the Environment (MDE) advises that it would have to justify any request to have Calvert County reclassified as being in attainment. This would require investigations to identify sources, prepare emissions inventories, perform computer modeling, assess the impact of emissions control methods, provide for public review, and prepare all necessary documentation. This is complicated by the fact that Calvert County has had one air quality monitoring station installed for less than a year. EPA customarily collects data for a minimum of three years to make an accurate assessment of air quality.

The Department of Fiscal Services (DFS) advises that the bill does not require that MDE seek reclassification of Calvert County, only that once the county is reclassified certain provisions would no longer apply.

MDE advises that it is unlikely that Calvert County would receive this reclassification from EPA in the immediate future since the county is currently designated as being in “serious nonattainment” and is part of a multi-state ozone transport region. If the reclassification was approved, the maintenance plan would possibly include other controls on emissions sources to make up for the loss of the enhanced VEIP emissions reductions.

Should the county receive reclassification, under the bill’s provisions it is assumed that a tailpipe emissions test would still occur in Calvert County, but the enhanced VEIP program with the I/M 240 test would be prohibited. The bill does not alter the test fee for the emissions test, so revenues would not be affected. However, some operating cost savings could be realized due to the prohibition of the I/M 240 test. Since the program is administered by MARTA, any estimate of total savings cannot be determined until after contract renegotiations. It should be noted that changes to the MARTA contract could potentially lead to liability expenditures for the State.

Clean Air Act Requirements

Pursuant to a court case brought by the American Lung Association of Northern Virginia, Maryland must begin controls to reduce 15% of the Volatile Organic Compound (VOC) emissions in the nonattainment areas by May 15, 1997. Maryland has submitted to the EPA its State Implementation Plan (SIP) to meet the 15% VOC reduction requirements which includes implementation of the enhanced VEIP program in Calvert County. EPA has yet to make a determination on whether to approve the plan. Should Calvert County be redesignated and the enhanced VEIP program not be implemented as provided under this bill, this could potentially necessitate other pollution controls to make up for this omission in the SIP. If these changes were not approved by EPA, federal sanctions could possibly be imposed.

Local Expenditures: Calvert County owns a fleet of 141 cars that would require emissions testing. The provisions of this bill could lower the county’s expenditures for repairs due to the prohibition of a more stringent emissions test.

Small Business Effect: To the extent that small businesses own cars in Calvert County, the prohibition of the enhanced VEIP could lower expenditures for repairs by an indeterminate amount. Simultaneously, automotive repair shops in Calvert County could also experience lower repair revenues than would have been generated by the implementation of the more stringent emissions test.

If alternative control measures need to be implemented, small businesses, particularly those in the manufacturing industry, may have to make costly improvements to their business to

comply with the air pollution reduction requirements. In addition, sanctions may possibly be imposed on new or expanding businesses in Maryland which may force these businesses to reduce the amount of emissions discharged.

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

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