

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 1042 (Washington County Delegation)

Environmental Matters

Vehicle Emissions Inspection Program - Washington County

This bill provides that while the Hagerstown Metropolitan Statistical Area and Washington County are in attainment of the National Ambient Air Quality Standards for ozone, the Vehicle Emissions Inspection Program may not be implemented or continued in Washington County.

This bill takes effect June 1, 1999.

Fiscal Summary

State Effect: Annual special fund revenue loss of approximately \$480,000. No effect on expenditures in FY 2000. Potential indeterminate loss of federal funds.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
SF Revenues	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)
FF Revenues	(-)	(-)	(-)	(-)	(-)
SF Expenditures	\$0	-	-	-	-
Net Effect	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)

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

Local Effect: Washington County expenditures would decrease as a result of not having to pay the \$12 test fee for county owned vehicles.

Small Business Effect: Minimal.

Fiscal Analysis

Background: In response to requirements of the federal Clean Air Act (CAA), Maryland has operated a vehicle emissions inspection and maintenance (I/M) program in various parts of the State since 1984. As amended in 1990, the CAA requires all areas of the country to achieve specific air quality standards for ozone, and provides penalties for states failing to achieve the standards. Penalties include limits on new industries, loss of federal highway funds, and imposition of a federal implementation plan.

Maryland's Vehicle Emissions Inspection Program (VEIP) was reauthorized in 1991 through legislation requiring the Motor Vehicle Administration (MVA) and the Maryland Department of the Environment to establish an expanded and "enhanced" I/M testing program in compliance with the 1990 Amendments to the Clean Air Act.

Until June 1, 1997, the mandatory I/M test for most vehicles was the same basic tailpipe test and visual inspection that vehicles had been undergoing for several years. According to the CAA, the "enhanced" I/M must be implemented in extreme, serious, and severe ozone nonattainment areas and certain metropolitan statistical areas (MSA) to reduce VOCs (volatile organic compounds) and NO_x (nitrogen oxide) emissions (ozone precursors). Beginning June 1, 1997, the State had the authority to impose an "enhanced" I/M test (dynamometer) which became mandatory on October 1, 1997. Since 1995 (Chapter 489), the "enhanced" I/M test has been mandatory for State vehicles and, to the extent allowable by federal law, federal vehicles.

The Clean Air Act (CAA) requires the Maryland Department of the Environment (MDE) to develop a series of air quality plans known as State Implementation Plans (SIP) to reduce the amount of emissions from all sources including power plants and automobiles. One of these SIPs is for the Vehicle Emissions Inspection Program. In a SIP, MDE establishes an emissions budget for sources in an area that are not in compliance with the National Ambient Air Quality requirements (NAAQs) of the Clean Air Act. MDE submitted a comprehensive VEIP implementation plan (VEIP SIP) to the federal Environmental Protection Agency (EPA) that covered all applicable areas: the Baltimore and Washington DC Metropolitan Statistical Areas (MSA), Cecil County, and the Hagerstown MSA. EPA issued final conditional approval for the VEIP SIP on July 31, 1997.

State Effect: Washington County is currently unclassified in terms of the CAA's Ozone Nonattainment Classification. However, the CAA requires mandatory dynamometer testing in the county because the population of Hagerstown exceeds 100,000. The bill prohibits the emissions control program from being implemented or continued as long as the county is in attainment of National Ambient Air Quality Standards. Accordingly, no vehicle in

Washington County would be required to submit to any type of vehicle emissions inspection test. The current cost of an emissions inspection test is \$12. Approximately 40,000 vehicles undergo the emissions inspection test each year in Washington County. As a result, special fund (Transportation Trust Fund) revenue would decrease by approximately \$480,000 annually.

MVA's expenditures would not decrease in fiscal 2000 as MVA is currently under contract with an outside contractor, MARTA Technologies, to perform the VEIP testing. The contract was developed with the goal of testing 1.2 million cars each year. Exempting 40,000 cars would not affect contract payments. The current contract with MARTA expires on April 30, 2000.

In addition, it is possible that exempting Washington County from the VEIP requirements could cause the State's VEIP to eventually fail to meet the federal pollution reduction goals established in the SIP and required by the CAA as mobile sources represent a significant proportion of VOC emissions in the State. Failure to comply with the CAA could result in the loss of an indeterminate amount of federal grant funds, including air grant funds and highway funds. For example, in 1997 EPA indicated that it would withhold \$200,000 if the State's VEIP SIP did not meet federal requirements.

Also, EPA could impose a federal implementation plan (FIP) which could be more stringent than the SIP in order to bring Maryland into compliance with air pollution reduction standards required by the CAA or require the State maintenance plan to possibly include other controls on emissions sources to make up for the loss of the enhanced VEIP emissions reductions.

Local Effect: County owned vehicles would not be required to submit to an emissions inspection test. As a result, the county would not have to pay the \$12 test fee for each of its vehicles.

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

Fiscal Note History: First Reader - March 16, 1999

ncs/jr

Analysis by: Mike Sanelli

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510