

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE

Senate Bill 254 (Senator Frosh. *et al.*)

Economic and Environmental Affairs

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Environment - Air Quality - VMT Reduction

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This bill provides for reducing vehicle miles traveled per capita by the end of 2020 and the means by which this reduction is to occur.

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Fiscal Summary

**State Effect:** Potential significant increase in State expenditures.

**Local Effect:** Potential meaningful.

**Small Business Effect:** Potential meaningful.

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Fiscal Analysis

**Bill Summary:** The bill includes the following provisions:

- State, local, and regional transportation plans, capital improvement programs, and project alternative selections must provide for the improvement of air quality and reduction of traffic congestion by attaining a performance objective of reducing the statewide average of vehicle miles traveled (VMT) per capita 10% by January 1, 2020, based on the statewide per capita VMT level in 2000;
- transportation plans, capital improvement projects, and project alternative selections must be implemented or amended to reduce the State VMT per capita as follows: (1) 2% by the end of 2002; and (2) an additional 1% by the end of the years 2004, 2006, 2008, 2010, 2012, 2014, 2016, and 2019 in order to obtain this performance objective;

- each capital improvement project, and capital highway project for which construction begins on or after October 1, 1999, must be reviewed and evaluated for consistency with the performance objective; and
- the Maryland Department of the Environment (MDE), in cooperation with the Maryland Department of Transportation, may adopt regulations to ensure the attainment of VMT reduction, including: (1) progress reporting; (2) trend monitoring; and (3) modeling of trend projections and the effectiveness of specific transportation measures to reduce VMT per capita.

**State Effect:** The Maryland Department of the Environment advises that its expenditures could increase by an estimated \$223,000 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate reflects the cost of hiring three environmental specialists for monitoring transportation trends; computer modeling; investigating the effectiveness of various control measures; designing and implementing control measures in consultation with State, local, and federal agencies; and educating the public on the various VMT reduction strategies. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses including a one-time transportation survey (\$50,000) and a public education media plan (\$100,000).

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses, including an ongoing public education media campaign (\$100,000 annually).

The Maryland Department of Transportation (MDOT) reports that transportation plans and programs currently have a performance objective for air quality that is measured through the annual transportation conformity process, which ensures that transportation plans and programs "conform" to air quality plans in the State Implementation Plan (SIP). The SIP is an air quality improvement plan required by the federal Clean Air Act (CAA) that aims to reduce the amount of emissions from all sources, including power plants, and automobiles. The transportation conformity process is based on reducing the level of ground level ozone that is caused by volatile organic compounds (VOCs) and nitrogen oxides (NOx) so that they match the limits allowed for in the mobile source emission budget each year. The mobile source emissions budget has been calculated through the year 2020. The CAA requires that conformity be reached each year before federal highway funds are released.

MDOT advises that establishing an additional performance measure for reducing VMTs would increase the cost of the planning process as well as adding time to the planning process. Any resulting delays could increase project construction costs. The amount of any increase in construction costs cannot be reliably estimated at this time, but could be

significant.

The Department of Legislative Services (DLS) advises that it is difficult to accurately predict the fiscal effect of the bill at this time. The bill establishes VMT reduction goals and allows MDE, in cooperation with MDOT, to promulgate regulations that would ensure the required VMT reduction. However, at this time neither MDOT or MDE has an actual plan for carrying out these reductions. The current State transportation and air quality plans revolve around a variety of factors, including VMT reductions. The bill would require the major focus of these plans to be on reducing VMT, which could result in having to change the State SIP.

DLS advises that in the absence of a VMT reduction plan, it is unclear why the three positions requested by MDE are needed as much of what MDE believes it will need to do, such as data collection and computer modeling, is already being done by MDOT. However, once a plan is developed, it may become evident that MDE needs additional staff resources for the program.

In addition, a public awareness media campaign may be needed in the future to alert the public as to the need to reduce VMT, although when, if ever, this would need to be undertaken is not known. Without a specific VMT reduction plan in place, it would not appear to be necessary.

As a result of the uncertainties associated with not having a specific VMT reduction plan at this time, any estimate as to the fiscal implications of the bill is speculative at best.

**Local Effect:** To the extent that local transportation projects are delayed or the use of vehicles is restricted in order to reduce VMTs, local governments could incur increased expenditures.

**Small Business Effect:** To the extent this bill alters the completion of or composition of transportation projects in the State, small businesses that rely heavily on automobile or truck travel could be adversely impacted if they are required to limit the number of miles traveled and they are unable to utilize another means of transportation.

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

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Analysis by: Mike Sanelli

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