

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 696 (Senator Jimeno. *et al.*)

Judicial Proceedings

Motor Vehicle Emissions Inspection - Waivers - Minimum Repair Expenses

This bill extends from January 1, 2000 to January 1, 2003 the period of time during which vehicle owners can be granted a waiver from the Vehicle Emissions Inspection Program (VEIP) after proving that they have spent \$150 on emission-related repairs. Under current law, this minimum repair expenditure would increase to the federal minimum beginning January 1, 2000.

Fiscal Summary

State Effect: Potential loss of federal funds. No effect on expenditures.

Local Effect: None.

Small Business Effect: Potential meaningful.

Fiscal Analysis

Background: 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: This bill extends until January 1, 2003 the \$150 minimum repair waiver amount that is currently in place under the State's VEIP. Current law states that as of January 1, 2000 the minimum repair expenditure amount in order to receive a waiver must comply with the federal minimum waiver amount (currently \$450, adjusted by the Consumer Price Index). However, EPA has granted states a certain amount of flexibility in enacting the federal minimum waiver amount. EPA has advised Maryland that it must implement a minimum waiver that coincides with the federal minimum waiver amount by January 1, 2000 in order to comply with the Clean Air Act.

By maintaining the \$150 minimum waiver amount, it is possible that the State's VEIP will 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 volatile organic compound (VOC) emissions in the State. Mobile sources are responsible for approximately 38% of VOC emissions in the Baltimore area and approximately 47% of VOC emissions in the Washington DC area. Failure to comply could result in an indeterminate amount of federal grant funds. For example, in 1997 EPA indicated that it would withhold \$200,000 if the State's VEIP SIP did not meet federal requirements.

If EPA disapproves the SIP, it could impose a federal implementation plan (FIP), which is likely to be more stringent than the SIP in order to bring Maryland into compliance with air pollution reduction standards required by the CAA.

Small Business Effect: If the State fails to comply with the CAA, more stringent requirements on VOC emissions could be placed on businesses as a result of a FIP being implemented. The FIP may impose restrictions that include limiting the amount of emissions of ozone and nitrogen oxides (NOx) discharged by new and existing businesses, particularly utilities and those involved in manufacturing. These businesses may be forced to make extensive changes to their operations in order to comply with emission requirements imposed by the FIP. Small businesses involved in manufacturing may be impacted the most by this as it may be more difficult and costly for these businesses to make repairs necessary to reduce emissions to comply with a FIP.

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

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