

**Department of Legislative Services**  
Maryland General Assembly  
1999 Session

**FISCAL NOTE**  
**Revised**

House Bill 788 (Chairman. Environmental Matters Committee)  
(Departmental - Environment and Transportation)

Environmental Matters

---

**Vehicle Emissions Inspection Program - Termination - Repeal**

---

This departmental bill repeals the December 31, 2001 termination date for the Vehicle Emissions Inspection Program (VEIP). The bill also increases, over a three-year period, the minimum repair expenditure amount that vehicle owners must pay to be granted a waiver. Under current law, the minimum repair expenditure will increase to the federal minimum beginning January 1, 2000. Finally, the bill prohibits the Motor Vehicle Administration from granting persons over age 70 who drive less than 5,000 miles per year a waiver from the VEIP.

---

**Fiscal Summary**

**State Effect:** State finances for the Vehicle Emissions Inspection Program (VEIP) would continue beyond the first half of FY 2002. Special fund revenue increase of approximately \$540,000 in FY 2000 and \$720,000 annually thereafter. Special fund expenditure increase of \$50,000 in FY 2000. Potential indeterminate loss of federal funds.

**Local Effect:** None.

**Small Business Effect:** The Maryland Departments of Environment and Transportation have determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

---

## Fiscal Analysis

**State Effect:** 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 (NO<sub>x</sub>) 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 extending the VEIP program would allow the State to continue to achieve conformity.

The VEIP tests automobiles to make sure they meet emissions standards required by the State and federal government. State revenues will be maintained beyond fiscal 2002 because the bill proposes to continue the VEIP. The proposed fiscal 2000 budget assumes \$17 million in Transportation Trust Fund revenues for this program. The cost of the program is covered by the current inspection fee of \$12.

State expenditures for the program will be maintained beyond fiscal 2002. The proposed fiscal 2000 budget includes \$15.6 million in Transportation Trust Fund expenditures for the program. Out-year expenditures are expected to remain relatively constant.

The bill provides that the minimum \$150 repair waiver would remain in place for CY 1999. In CY 2000 and 2001, the minimum waiver amount would increase to (1) \$200 for model year 1990 and older vehicles; (2) \$300 for model year 1991 - 1997 vehicles; and (3) \$450 for model year 1998 and newer vehicles. Beginning January 1, 2002, all vehicle owners would be required to pay the \$450 waiver amount, as required by federal law. Current law states that as of January 1, 2000 the minimum repair expenditure amount needed 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. The Maryland Department of the Environment (MDE) advises that discussions are currently under way with EPA about extending the minimum waiver amount time period. However, at this time EPA has not given a definitive answer one way or another.

By delaying the implementation of the \$450 minimum waiver amount, it is possible that the State's VEIP could 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. 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 decrease in 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.

The bill also prohibits the MVA from granting waivers from VEIP to individuals over age 70 who drive less than 5,000 miles annually. MVA estimates that approximately 60,000 vehicles would be affected. As a result, special fund revenues could increase by approximately \$540,000 in fiscal 2000 due to the bill's October 1, 1999 effective date and by \$720,000 annually thereafter (60,000 vehicles x \$12 fee).

To notify the public about the VEIP changes, the MVA would also incur an expenditure increase of approximately \$50,000 in fiscal 2000 to reprint the seven VEIP brochures.

**Additional Comments:** Under current law, the State's VEIP is set to terminate December 31, 2001. However, the sunset date creates ambiguity in the statute as the VEIP program is also required to remain in effect as long as it is required by federal law.

---

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

**Fiscal Note History:**

First Reader - February 26, 1999

dmm/jr

Revised - House Third Reader - April 11, 1999

---

Analysis by: Mike Sanelli

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510