

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1110 (Delegate Giannetti)

Environmental Matters

Vehicle Laws - Vehicle Emissions Inspection Program - Safety Hazard Inspection

This bill relates to the establishment of a safety hazard inspection program to be conducted by Vehicle Emissions Inspection Program (VEIP) facilities.

Fiscal Summary

State Effect: Special fund expenditure increase of \$1.6 million in FY 2001 to implement the safety inspection program. Future year estimates are annualized, adjusted for inflation, and reflect ongoing operating expenses. No effect on revenues.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
SF Revenues	\$0	\$0	\$0	\$0	\$0
SF Exp.	1,623,300	950,800	972,900	996,900	1,021,900
Net Effect	(\$1,623,300)	(\$950,800)	(\$972,900)	(\$996,900)	(\$1,021,900)

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

Local Effect: To the extent that local government vehicles fail the safety inspection, costs related to vehicle repairs could increase.

Small Business Effect: Potential minimal. To the extent that vehicles owned by small businesses fail the safety inspection, costs related to vehicle repairs could increase. However, assuming most small businesses do not own several vehicles, costs are not anticipated to be significant for any given small business. To the extent that the bill results in an increase in vehicle repairs made, small automobile repair shops could benefit.

Analysis

Bill Summary: The bill requires a facility conducting a biennial exhaust emissions test and emissions equipment and misfueling inspection on a vehicle to also inspect the vehicle for: (1) protruding metal; (2) unsafe tires; (3) cracks, chips, or discolorations in the windshield or other windows that could interfere with the driver's view; and (4) any other easily observable safety hazard. If a safety hazard is found, the individual conducting the inspection must issue a safety hazard repair order to the driver of the vehicle, directing the owner of the vehicle to: (1) have the safety hazard corrected within 30 days; and (2) send to the Motor Vehicle Administration (MVA) a "repair order certification" dated subsequent to the issuance of the order. The MVA must provide the safety hazard repair order forms and certification forms to the facilities.

The MVA must adopt regulations providing for the implementation and enforcement of the bill, including: (1) suspending the registration of any vehicle for which a safety hazard repair order has been issued, on failure to comply with the order within 60 days after its issuance; and (2) reinstating the suspended registration, on receipt of a repair order certification. The MVA must work with the contractor responsible for conducting tests and inspections and may modify agreements with the contractor as necessary to implement the bill. The bill does not limit or supersede any other provision of law concerning vehicle equipment or the means of enforcing the laws relating to that equipment.

Current Law: 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. Maryland's VEIP was reauthorized in 1991 through legislation requiring the MVA and the Maryland Department of Environment to establish an expanded and enhanced I/M testing program in compliance with the 1990 Amendments to the CAA. 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. Although VEIP facilities do not currently issue safety repair orders, law enforcement officers have the authority to issue vehicle safety repair orders.

Background: Approximately 1.2 million vehicles are tested annually. Emissions testing in Maryland is operated as a centralized and privatized system. VEIP stations are State-owned with a contractor performing the tests and maintaining the facilities under State oversight. There are currently 19 VEIP testing facilities. The Board of Public Works recently approved a new five-year contract with Environmental Systems Product, Inc. (ESP). ESP will receive approximately \$18.9 million annually to operate the program. The new contract, among other things, includes reduced customer wait time from 25 minutes to 15 minutes, added test protocols, modified and upgraded lane equipment, increased contract customer service staffing at test stations, added security and reliability of data collection with new inspection

software, and increased vehicle inspections capacity.

State Expenditures: Special fund expenditures could increase by an estimated \$1.6 million in fiscal 2001, which accounts for the bill's October 1, 2000, effective date. This estimate reflects the cost for the contractor to hire additional personnel to inspect vehicles and write safety hazard repair orders as well as one-time costs for hardware and software modification, and training for all VEIP facilities. The estimate also includes the cost of hiring ten customer service representatives and one supervisor within the MVA to review documentation, respond to customer inquiries, and process and release suspensions. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- approximately 10% of vehicles tested will fail the safety inspection test;
- approximately 120,000 safety hazard repair orders will be issued annually;
and
- all VEIP facilities (87 lanes) will be upgraded with respect to lane hardware, software, and training.

Salaries and Fringe Benefits	\$252,200
Contractual Services - Additional Staff	375,000
Contractual Services - Equipment/Training	870,000
Communications	75,000
MVA - Supplies and Equipment	<u>51,100</u>
Total FY 2001 State Expenditures	\$1,623,300

Legislative Services advises that the contract between ESP and the MVA will have to be modified in order to implement the bill. In addition to adding a safety inspection component, current provisions of the contract such as reduced customer wait time may have to be modified in order to accommodate the bill's requirements.

Future year expenditures are annualized and reflect: (1) 1% annual increases in operating expenses, including ongoing contractual services; and (2) full salaries with 4.5% annual increases and 3% employee turnover.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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