

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

House Bill 1218 (Chairman, Environmental Matters Committee)
 (Departmental - Transportation)

Environmental Matters

Vehicle Laws - Vehicle Emissions Inspection Program - Fees

This departmental bill increases the maximum fee that the Motor Vehicle Administration (MVA) may set for testing and inspection under the Vehicle Emissions Inspection Program (VEIP) from \$14 to \$20.

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: Special fund revenue increase of \$7.2 million annually beginning in FY 2001 due to the increase in the maximum fee. No effect on expenditures.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
SF Revenues	7,200,000	7,200,000	7,200,000	7,200,000	7,200,000
SF Expenditures	0	0	0	0	0
Net Effect	\$7,200,000	\$7,200,000	\$7,200,000	\$7,200,000	\$7,200,000

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

Local Effect: Local government costs related to vehicle emissions inspections will increase by \$6 per vehicle for the biennial test.

Small Business Effect: The MVA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: The MVA must set the fee to be charged for each vehicle to be inspected and tested by a facility. The fee may not exceed \$14. The current fee is \$12. A specified portion of the fee must be paid to or retained by the MVA to cover the cost of administration and enforcement of the emissions control program, as provided in the contract between the contractor and the State.

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. Maryland's VEIP was reauthorized in 1991 through legislation requiring the 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 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.

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. The Board of Public Works recently approved a new five-year contract with Environmental Systems Product, Inc. (ESP). Under the contract, ESP will receive approximately \$18.9 million annually to operate the program. In fiscal 1999, the contract cost was \$9.8 million. 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.

The average fee for other states operating similar centralized emissions inspection programs is approximately \$23.

State Revenues: The MVA advises that approximately 1.2 million vehicles were required to be tested in fiscal 1999. Current test fees are \$12 per vehicle, and the test is required every two years. It is assumed that the MVA will increase the current fee to the maximum fee allowed under current law (\$14 per vehicle) due to the increased costs of the new contract. This bill increases the maximum allowable fee to \$20. The MVA advises that it will increase the fee to \$20 as a result of the bill. Accordingly, special fund revenues will increase by an estimated \$7.2 million annually beginning in fiscal 2001 (1.2 million vehicles x \$6 per vehicle). This estimate assumes that the number of vehicles tested annually remains the same.

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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