

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

Senate Bill 12

(Senator Bromwell)

Judicial Proceedings

Commerce and Government Matters

Vehicle Laws - Emissions Inspections - Late Fees

This bill prohibits the Motor Vehicle Administration (MVA) and the Secretary of the Environment from adopting a regulation establishing a late fee that exceeds \$7.50 for the first month that a vehicle is not tested and inspected in accordance with the schedule adopted under the Vehicle Emissions Inspection Program (VEIP).

The bill sunsets September 30, 2005.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would decrease by an estimated \$1.34 million in FY 2003, an estimated \$1.79 million in FY 2004 and FY 2005, and an estimated \$446,700 in FY 2006 due to the decrease in the late fee for three years. TTF expenditures could increase in FY 2003 only to modify the VEIP contractor's software and to develop a new VEIP notice form to reflect the changed fee.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
SF Revenue	(\$1,340,100)	(\$1,786,800)	(\$1,786,800)	(\$446,700)	\$0
SF Expenditure	-	0	0	0	0
Net Effect	(\$1,340,100)	(\$1,786,800)	(\$1,786,800)	(\$446,700)	\$0

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The MVA and the Secretary of the Environment may jointly adopt rules and regulations as required for purposes of implementation, administration, regulation, and enforcement of the VEIP law. Under current regulations, a late fee of \$15 per month or part of a month must be collected from a vehicle owner for an initial inspection that is performed after the date of scheduled inspection, or for a reinspection that is performed after the period of permitted operation. State and local government agencies are not subject to the late fee.

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. Penalties include limits on new industries, loss of federal highway funds, and imposition of a federal implementation plan.

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. Approximately 1.2 million vehicles are required to submit to the VEIP test annually. Current test fees are \$14 per vehicle, and the test is required every two years.

State Revenues: Under current regulations, a late fee of \$15 per month or part of a month must be collected from a vehicle owner for an initial inspection that is performed after the date of scheduled inspection, or for a reinspection that is performed after the period of permitted operation. Late fees are collected by the contractor, submitted to the MVA, and paid into the TTF. Based on the \$15 fee, the MVA has collected an average of \$397,059 per month in late fees in fiscal 2002 (July 2001 to February 2002). The MVA advises that 75% of late fees are collected in the first month. Under this bill, the late fee could not exceed \$7.50 for the first month that a vehicle is not tested and inspected. Accordingly, based on fiscal 2002 data, TTF revenues would decrease by an estimated \$1.34 million in fiscal 2003 (which accounts for the bill's October 1, 2002 effective date), an estimated \$1.79 million in fiscal 2004 and fiscal 2005, and an estimated \$446,700 in fiscal 2006 (which reflects the bill's sunset date). This estimate assumes that the current late fee of \$15 would continue to be assessed for any month or part of a month after the first month.

State Expenditures: The MVA advises that TTF expenditures would increase by an estimated \$100,000 in fiscal 2003 only. This estimate includes \$50,000 in increased contractor costs to modify the VEIP computer software to reflect the changed fee. The estimate also includes \$50,000 in printing costs for the MVA to replace a three-month supply of VEIP notice forms to reflect the changed fee. The MVA advises that it would need to replace 600,000 notices at a cost of \$0.08 per notice.

Legislative Services advises that the MVA was not able to provide any basis for the estimate of increased computer software costs for the contractor. Although Legislative Services acknowledges that the bill may require increased computer programming costs, the cost estimate provided by the contractor cannot be independently verified at this time. In addition, Legislative Services advises that any increase in printing costs for MVA should be significantly less than \$50,000. Because the bill would not take effect until October 1, 2002, Legislative Services advises that the MVA could use its existing three-month inventory of VEIP notice forms before the change takes effect. Any increase in printing costs associated with a change in the template of the form should not be significant.

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

Fiscal Note History: First Reader - January 22, 2002
lc/cer Revised - Senate Third Reader - March 18, 2002

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