

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE

House Bill 660 (Delegate Myers, *et al.*)  
Environmental Matters

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**Vehicle Emissions Inspection Program - Newly Titled Vehicles - First Inspection**

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This bill alters the State Vehicle Emissions Inspection Program (VEIP) requirement for biennial testing by providing that a vehicle that has not been titled or registered previously in any jurisdiction does not have to be tested or inspected for three years after the date it was titled. The bill applies prospectively and would not affect any vehicle that was titled before the October 1, 2004 effective date.

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**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) expenditures would increase by \$1.6 million in FY 2007 due to an increase in VEIP contract costs resulting from a decrease in the number of vehicles required to be tested. Potential decrease in TTF revenues in FY 2007 only due to reduction of late fee revenue.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** VEIP was created in 1984 to test vehicle emissions for carbon monoxide, hydrocarbons, and nitrogen oxides to meet the air quality standards established in the federal Clean Air Act (CAA). All model year 1977 and newer vehicles in the State must be inspected and tested every two years; however, some vehicles are exempt, including:

- ambulances and other emergency vehicles;

- vehicles less than two years old;
- vehicles owned by individuals aged 70 and over or with certain disabilities who drive less than 5,000 miles each year;
- vehicles over 26,000 pounds; and
- electric and hybrid vehicles.

The current test fee is \$14 per vehicle. The Motor Vehicle Administration (MVA) and the Secretary of Environment may jointly adopt rules and regulations to exempt certain vehicles from the inspections and tests that are consistent with federal law.

**Background:** Twenty states, including Maryland and Virginia, require biennial emissions testing for all or newer model vehicles, starting two years after the vehicle is titled; the remaining states require annual tests. About a dozen states make no distinction on model year and require the same frequency of testing for all vehicles. However, several allow delayed testing for new models at various stages. Vehicles in Georgia are exempt for the first three years, those in Delaware are exempt for five, and vehicles in a few jurisdictions, including Alaska, Washington, DC, and Illinois, have a four-year exemption.

**State Fiscal Effect:** Emissions testing in Maryland is operated as a centralized and privatized system. All 19 VEIP stations are State-owned with a contractor performing the tests and maintaining the facilities under State oversight. Under the existing contract for VEIP, test fees are retained by the contractor and used to offset contract costs. The MVA is billed for additional contract costs, which are borne by the TTF. The contract is for \$18.8 million to test a maximum of 1.4 million vehicles annually.

The bill allows vehicles titled after October 1, 2004 to be exempt from VEIP testing for an additional year; therefore, vehicles purchased in fiscal 2005 that would otherwise be tested in fiscal 2007 will be exempt until fiscal 2008. The bill will effectively reduce the number of times a vehicle is tested. For example, an individual who owns a vehicle for 10 years would visit a VEIP station five times under current law, but only four times under the bill.

TTF expenditures would increase by \$1,594,488 in fiscal 2007 only to compensate the vendor for the reduced revenue in that year. This estimate is based on 2003 emissions testing activity in which 151,856 model year 2001 vehicles were tested. It assumes this number of vehicles would be exempt from the \$14 VEIP fee in fiscal 2005 and accounts for the delayed effective date so that 113,892 vehicles are exempt.

The Department of Legislative Services notes that the number of vehicles tested in 2003 does not include any model year 2002 vehicles that were titled in 2001 and also required to be tested in 2003. Due to the overlap of model years with calendar years, the actual number of exempt vehicles may be higher. The MVA collects data on the number of newly titled vehicles annually; however, it includes vehicles not subject to emissions testing and could not be used for this estimate.

TTF revenues may also decrease in fiscal 2007 due to a reduction in late fees that would otherwise be paid by vehicle owners who would be exempt from testing that year. The amount cannot be estimated at this time.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 20, 2004  
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