

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**

House Bill 872

(Delegate Mandel, *et al.*)

Environmental Matters

**Vehicle Emissions Inspection Program - Exemptions - Individuals with Disabilities**

This bill expands the exemption for individuals with special disability registration plates from the Vehicle Emissions Inspection Program (VEIP) to include individuals with special disability parking placards.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues would decrease by \$190,200 in FY 2006 and \$253,700 annually thereafter from foregone revenue due to fewer VEIP inspections. Potential increase in TTF expenditures in FY 2006 only for computer programming costs.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	(\$190,200)	(\$253,700)	(\$253,700)	(\$253,700)	(\$253,700)
SF Expenditure	-	0	0	0	0
Net Effect	(\$190,200)	(\$253,700)	(\$253,700)	(\$253,700)	(\$253,700)

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

**Local Effect:** None.

**Small Business Effect:** None.

**Analysis**

**Bill Summary:** When issuing a special disability parking placard, the Motor Vehicle Administration (MVA) must include (on either the placard itself, on an accompanying

form, or on a sticker) a registration number or vehicle identification number of one motor vehicle registered to the recipient of the placard.

That motor vehicle is exempt from the VEIP program if all the owners of the vehicle could be certified as disabled by the MVA and the vehicle is driven 5,000 miles or less annually.

**Current Law:** The MVA may issue parking placards or special disability registration plates to individuals who meet specified criteria. The MVA may not issue more than two placards or a combination of more than three parking placards and registration plates to one applicant.

A motor vehicle for which registration plates has been issued is exempt from the mandatory inspections program required of all motor vehicles from model year 1977 or newer if:

- all owners of the vehicle meet specified disability requirements; and
- the vehicle is driven 5,000 miles or less annually.

**Background:** VEIP was created in 1984 to test vehicle emissions for carbon monoxide, hydrocarbons, and nitrous 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 that are driven less than 5,000 miles each year whose owners are at least 70 or have certain disabilities;
- vehicles weighing more than 26,000 pounds; and
- electric vehicles.

Approximately 1.4 million vehicles are required to submit to the VEIP test annually. Vehicles manufactured after 1995 are subject to on-board computer diagnostic tests that detect flaws in various systems; numeric emissions standards do not apply. Model year 1984 through 1995 vehicles must pass the traditional “treadmill” test that uses quantitative emissions standards. The current fee is \$14.

There is no difference in the disability standards for registration plates and parking placards; the parking placards are intended to be moved from vehicle to vehicle to accommodate the parking needs of individuals with disabilities that may use more than

one car for primary transportation. Some individuals may opt for parking placards for that very reason, rather than a vehicle with special disability registration plates.

Currently, the MVA has a contract with an outside vendor to perform the VEIP inspections. If the number of vehicles falls below a certain number, the MVA owes the vendor the difference between the contracted revenues and actual revenues. Alternatively, if the number of vehicles tested exceeds the contracted number, then the TTF receives the monies above the contract amount as revenue. However, if the number of vehicles tested each year exceeds a certain number, then the MVA owes the vendor \$4 for each vehicle over the threshold.

The MVA is entering into a new two-year contract with its vendor beginning August 1, 2005. The new contract calls for 1,441,763 vehicles to be tested each year, generating \$20,184,663. In fiscal 2004, 1,487,055 vehicles were tested through the VEIP program, 45,293 more than the number required under the August 1, 2005 contract.

**State Revenues:** Based on a two-year average of vehicles that received disability waivers from VEIP in fiscal 2003 and 2004, approximately 16.9% of special disability registration plate holders have waivers from the VEIP program. The MVA advises that it currently has 235,521 permanent parking placards issued to distinct individuals. These individuals own a total of 214,415 vehicles, of which approximately 107,208 registrations are renewed annually.

Accordingly, TTF revenues could decrease by \$190,246 in fiscal 2006 and by \$253,652 annually thereafter. This estimate accounts for the bill's October 1, 2005 effective date, and is based on the following assumptions:

- the number of vehicles owned by individuals with parking placards does not change (214,415) and all vehicles are eligible for one VEIP waiver;
- the number of vehicles owned by individuals with parking placards undergoing VEIP inspections is identical to the number of vehicles owned by individuals with parking placards renewing their registration every year (107,208);
- the percentage of individuals with parking placards who would request a waiver from VEIP is identical to the percentage of individuals with special disability registration plates who received a waiver (16.9%);
- the number of vehicles inspected under VEIP each year is equal to or greater than the number of vehicles inspected under VEIP in fiscal 2004 (1,487,055); and
- the MVA's future contracts with its vendors for VEIP services will not impose a higher number of vehicles that must be inspected under VEIP each year than the contract that starts on August 1, 2005 (1,441,762).

Based on these assumptions, 13,589 vehicles owned by individuals with parking placards would receive a waiver in fiscal 2006 and 18,118 vehicles would receive a waiver annually thereafter. Even exempting these vehicles from VEIP, the MVA would still meet the number of inspected vehicles per year required by contract. Therefore, the money foregone by VEIP inspections would be a decrease in TTF revenues.

**State Expenditures:** The MVA estimates that computer programming changes associated with this bill would cost \$146,700 in fiscal 2006, and maintenance costs of \$10,944 annually thereafter. Legislative Services advises that the system should require no special out-year maintenance once the changes have been made. Further, if other legislation is passed requiring changes to the computer system, economies of scale could be realized, reducing the costs associated with this bill and other legislation affecting the MVA system.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

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