

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1482

(Delegate McHale, *et al.*) (By Request)

Environmental Matters

Vehicle Emissions Inspection Program - Exemptions - Individuals with Disabilities

This bill exempts a vehicle that has been issued a parking placard for an individual with a disability from the Vehicle Emissions Inspection Program (VEIP) if the vehicle is driven less than 5,000 miles annually.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures could increase by \$14 for every vehicle exempted under the bill due to an increase in VEIP contract costs resulting from fewer vehicles being tested. *Under one set of assumptions*, the increase could range from \$148,300 to \$253,600 annually; the impact in FY 2006 could range from \$111,200 to \$190,200 due to the bill's effective date. Potential minimal increase in TTF expenditures in FY 2006 only for computer programming changes. Revenues would not be significantly affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: In response to requirements of the federal Clean Air Act, Maryland has operated a vehicle emissions inspection and maintenance program in various parts of the State since 1984. All model year 1977 and newer vehicles in the State must be inspected and tested every two years for a \$14 fee.

Some vehicles are exempt, including:

- ambulances and other emergency vehicles;
- vehicles for which special registration (disability) plates have been issued, if all owners of the motor vehicle meet the disability requirements and the vehicle is driven 5,000 miles or less annually;
- vehicles owned by individuals aged 70 and over, if all owners are at least 70 years old and the vehicle is driven 5,000 miles or less annually;
- qualified hybrid vehicles, under specified conditions;
- vehicles less than two years old; and
- vehicles over 26,000 pounds.

The Motor Vehicle Administration (MVA) and the Maryland Department of the Environment (MDE) exercise joint authority over VEIP. The MVA and the Secretary of the Environment may jointly adopt rules and regulations to exempt certain vehicles from the inspections and tests that are consistent with federal law.

A person may apply to the MVA for a removable parking placard if the applicant, a dependent of the applicant, or any individual who depends on the applicant for transportation has a permanent disability, as specified by law. A licensed physician, chiropractor, optometrist, or podiatrist must certify the disability. An applicant may self-certify a permanent disability if it involves the loss of a foot, leg, hand, or arm. The MVA cannot issue more than two placards to an applicant. If an applicant has special registration plates, the MVA may not issue a combination of special registration plates and placards that exceeds three.

Background: Approximately 1.4 million vehicles are tested annually under VEIP.

State Fiscal Effect: 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. Because the contractor's revenues would decrease by \$14 for every additional exemption that occurs as a result of the bill, TTF expenditures would increase by the same amount, assuming the exemption creates a shortfall in the pre-determined number of vehicles required to be tested pursuant to the contract.

The MVA advises that to date it has issued 235,521 placards (for 214,415 vehicles, of which 107,208 are renewed annually) and 89,034 disability plates (of which 44,517 are renewed annually). The MVA advises that about 7,525 vehicle owners with disability plates are exempt from VEIP testing annually, based on the average number of

exemptions from fiscal 2003 and 2004; this represents about 16.9% of those with disability plates.

However, the number of vehicles that would become exempt under the bill – those with placards that are driven less than 5,000 miles annually and are not already exempt – is unknown. Accordingly, it is impossible to accurately estimate the potential increase in TTF expenditures. However, given the total number of placards issued, TTF expenditures could increase by \$253,652 annually, assuming that an estimated 18,118 individuals would be exempt each year. This estimate assumes that 16.9% of the number of vehicles with placards that are renewed annually (107,208) would become exempt under the bill; it assumes that none of these vehicles is already exempt. Due to the bill's October 1, 2005 effective date, contract costs could increase by an estimated \$190,239 in fiscal 2006 under these assumptions.

If *all* of the 7,525 vehicle owners already exempt are also placard holders, however, then the bill could result in an estimated 10,593 exemptions annually. Under this assumption, TTF expenditures could increase by an estimated \$148,302 annually; fiscal 2006 costs could total \$111,227 due to the bill's October 1, 2005 effective date.

In addition to an increase in contract costs, the MVA advises that computer programming costs would increase by \$30,000 in fiscal 2006 to account for the new exemption. The Department of Legislative Services (DLS) disagrees. If other legislation is passed requiring computer programming changes, economies of scale could be realized. This would reduce computer programming costs associated with this bill and other legislation affecting the computer system.

The MVA could track and verify exemptions using existing budgeted resources.

The MVA has an agreement with MDE under which MDE's Mobile Sources Program is reimbursed for certain VEIP-related expenses. It is assumed that the bill would not have a significant impact on program operations or finances. In addition, MDE advises that the bill would not materially affect air quality.

Additional Comments: The MVA advises, and DLS concurs, that the bill presents a considerable enforcement issue because placards are issued to individuals rather than vehicles and can be transferred from one vehicle to another. Under the bill, a person could provide a nondisabled individual with a placard in order to avoid testing if the vehicle is driven less than 5,000 miles per year.

Additional Information

Prior Introductions: Identical legislation was introduced as HB 1449 of 2004. The Environmental Matters Committee held a hearing on the bill, but no further action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - March 17, 2005
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