

Department of Legislative Services  
Maryland General Assembly  
2007 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 504

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

Environmental Matters

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Vehicle Emissions Inspection Program - Exemptions - Individuals with  
Disabilities

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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.

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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 \$198,500 to \$299,400 annually; the impact in FY 2008 could range from \$148,900 to \$224,500 due to the bill's effective date. Potential minimal increase in TTF expenditures in FY 2008 only for computer programming changes. Revenues would not be significantly affected.

**Local Effect:** None.

**Small Business Effect:** None.

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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 have to 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 older, 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 two.

**Background:** Approximately 1.5 million vehicles were tested in 2006 under VEIP. The MVA estimates that 1.6 million vehicles will be tested each year in 2007 and 2008.

**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. In fiscal 2006, the MVA paid the contractor \$586,971.

The MVA advises that to date it has issued 251,233 placards (for 219,275 vehicles, of which 109,638 are renewed annually) and 73,876 disability plates (of which 36,938 are

renewed annually). The MVA advises that about 7,204 vehicle owners with disability plates are exempt from VEIP testing annually, based on the average number of exemptions from fiscal 2005 and 2006; this represents about 19.5% 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.

Given the total number of placards issued, TTF expenditures could increase by \$224,517 in fiscal 2008 and by \$299,356 annually thereafter. This estimate is based on an estimated 19.5% of the vehicles with placards that are renewed annually (21,383 of 109,638) becoming exempt from inspection under the bill; it assumes none of those vehicles is already exempt. This estimate accounts for the October 1, 2007 effective date of the bill.

If *all* 7,204 vehicle owners already exempt are also placard holders, however, then the bill could result in an estimated 14,179 exemptions annually (10,634 in fiscal 2008). Under this assumption, TTF expenditures could increase by an estimated \$148,875 in fiscal 2008 and \$198,500 annually thereafter.

In addition to an increase in contract costs, the MVA advises that computer programming costs would increase by \$67,500 in fiscal 2008 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.

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### **Additional Information**

**Prior Introductions:** Identical legislation was introduced in 2004 and 2005. HB 1482 of 2005 received an unfavorable report from the House Environmental Matters Committee; HB 1449 of 2004 was heard by Environmental Matters, 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 - February 16, 2007  
ncs/ljm Revised - Clarification - February 19, 2007  
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