

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 806 (Delegate Hornberger)
Environment and Transportation

Vehicle Laws - Vehicle Emissions Inspection Program - Modifications

This bill makes significant changes to the Vehicle Emissions Inspection Program (VEIP) that is jointly administered by the Motor Vehicle Administration (MVA) and the Maryland Department of the Environment (MDE). Broadly speaking, (1) MVA and MDE must establish an application process and requirements to certify facilities to conduct tests or inspections; (2) current statutory provisions authorizing MVA and MDE to allow an independent contractor to conduct testing are replaced with provisions that authorize a private “certified emissions inspection facility” (a facility equipped to conduct emissions tests or inspections) to perform VEIP testing; (3) MVA and MDE must adopt specified regulations (under essentially the same parameters as current VEIP provisions) that apply to a certified emissions inspection facility; and (4) a certified emissions inspection facility must charge a fee to cover the cost of inspecting and testing a vehicle. The bill also makes other conforming and technical changes. **Except for provisions related to the certification of facilities by MVA and MDE, the bill takes effect July 1, 2035.**

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances from FY 2027 through 2035. Beginning in FY 2036, Transportation Trust Fund (TTF) revenues likely decrease by tens of millions of dollars annually; other State operations and finances (including TTF expenditures) are likely significantly affected, as discussed below.

Local Effect: The bill is not anticipated to directly affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Beginning October 1, 2026, MVA and MDE must establish an application process and requirements to certify facilities to conduct tests or inspections through VEIP. The bill's other requirements, discussed in more detail below, take effect July 1, 2035.

An emissions inspection facility must be certified by MVA and MDE in accordance with the bill's requirements to conduct tests or inspections for VEIP. To apply for a certificate, an applicant must (1) submit an application to MVA and MDE on the required form and (2) pay any application fee set by MVA and MDE. An applicant must file a separate application for each emissions inspection facility. A certificate is valid for five years.

MVA and MDE must issue a certificate to each emissions inspection facility that meets the agencies' requirements. The federal government, the State, or a political subdivision of the State may own and operate an emissions inspection facility.

An employee of a certified emissions inspection facility may not perform emissions-related repairs.

Under essentially the same parameters as current VEIP provisions, MVA and MDE must adopt regulations to:

- allow the owner of a vehicle that fails an exhaust emissions test or emissions equipment and misfueling inspection at a certified emissions inspection facility to have the vehicle retested (at either a certified emissions inspection facility or an approved certified repair facility);
- allow a certified repair facility to retest vehicles (if approved for that purpose by MDE);
- require the initial exhaust emissions test and emissions equipment and misfueling inspection in each biennial test cycle to be performed at a certified emissions inspection facility;
- establish criteria for testing equipment, procedures, and reporting of retests for approved certified repair facilities;
- provide for the suspension, revocation, or denial of renewal of approval for a certified repair facility to perform retests if it is determined that the facility has performed fraudulent retests or is not in compliance with the regulations adopted pursuant to the bill; and
- establish a reasonable fee for approval of a certified repair facility to perform retests, covering the costs of the approvals and oversight of the decentralized retesting program.

Current Law: Title 23, Subtitle 2 of the Transportation Article generally requires all model year 1977 and newer vehicles in the State to be inspected and tested every two years, unless specifically exempt. MVA and MDE must set the VEIP fee for each vehicle to be inspected and tested, which may not exceed \$30 through June 30, 2026. The current fee is \$30 but must be adjusted in future fiscal years to account for changes in the Consumer Price Index, as required by the Budget Reconciliation and Financing Act of 2025.

Statutory Waivers/Exemptions

A vehicle owner must be granted a waiver from the VEIP inspection requirement if the vehicle fails to pass the exhaust emissions test but the owner provides specified evidence of payment for emissions-related repairs.

Persons with special disability registration plates, persons age 70 or older, and deployed military personnel are eligible for an exemption from the inspection requirement under specified circumstances (MVA/MDE regulations refer to these exemptions as “waivers”).

Any fire or rescue apparatus or ambulance owned or leased by a political subdivision of the State, or by a volunteer fire company, rescue squad, or volunteer ambulance company, registered as an emergency vehicle is exempt from VEIP inspections.

Regulations

Section 23-207 of the Transportation Article authorizes MVA and the Secretary of the Environment to jointly adopt rules and regulations for purposes of implementation, administration, regulation, and enforcement of the provisions of the VEIP statute, including rules and regulations that, consistent with federal law, exempt certain vehicles from the inspections and tests under the program.

MVA/MDE regulations establish various additional exemptions, including exempting vehicles not registered in the “emissions inspection area” (Baltimore City and Anne Arundel, Baltimore, Calvert, Carroll, Cecil, Charles, Frederick, Harford, Howard, Montgomery, Prince George’s, Queen Anne’s, and Washington counties). Diesel vehicles are regulated under a separate program.

State Fiscal Effect: The bill’s requirement that MVA and MDE establish an application process and requirements to certify facilities to conduct tests for inspections, which takes effect October 1, 2026, is not anticipated to materially affect State operations or finances. MVA contracts with various entities to implement VEIP and any additional requirements established under the bill can likely be included in MVA’s existing application and

approval processes for VEIP contracts. However, beginning in fiscal 2036, the bill has a significant fiscal and operational impact on MVA and MDE.

For contextual purposes, in fiscal 2025, there were 1,269,420 initial tests performed and VEIP generated approximately \$32.0 million in revenue for TTF, including \$18.4 million in test fees and \$13.6 million in late fees. Expenditures for the program (including costs for the contractor and MVA/MDE personnel) total about \$19.3 million annually. In future years, revenues for VEIP are expected to grow (from approximately \$63.2 million in fiscal 2028 to \$67.1 million in fiscal 2031). MVA's financial forecast does not currently project beyond fiscal 2031, but expenditures and revenues for the program are anticipated to continue to grow over time.

State revenues are anticipated to decrease significantly (likely by tens of millions of dollars annually) beginning in fiscal 2036, as the bill establishes a decentralized emissions testing program and limits the amount of the fee that may be charged; as noted above, the bill requires a certified emissions inspection facility to charge a fee *to cover the cost* of inspecting and testing a vehicle. However, it is unclear whether this limitation will incentivize private entities to seek certification as an emissions inspection facility.

If a significant number of private emissions inspection facilities obtain certification under the bill, TTF fee revenues may be nearly eliminated beginning in fiscal 2036, as the fee revenues instead accrue to private testing facilities. However, even if no private testing facilities obtain certification under the bill, TTF revenues still likely decrease by tens of millions of dollars annually beginning in fiscal 2036, as the bill limits the fee level (*i.e.*, compared to the fee level under current law). Although there may be offsetting revenues due to the bill's certification/licensing fee authorization, these are likely not a significant offset (*i.e.*, to cover the overall fee revenue loss).

TTF expenditures are likely *at least* maintained at current levels, as the State must continue to operate testing facilities if a sufficient number of private testing facilities do not obtain certification. However, MVA advises that TTF expenditures are likely to increase under the bill, as additional personnel may be needed to monitor the new private testing facilities.

Small Business Effect: Small businesses that obtain certification as an emissions inspection facility may benefit, although, as noted above, it is unclear whether private entities will do so, as the bill limits the fee to an amount that covers a facility's costs.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

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