

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 586 (Senator Beidle)
 Judicial Proceedings

Vehicle Emissions Inspection Program – Exemptions – Older Drivers

This bill lowers the minimum age requirement (from 70 to 65) that must be met in order to qualify for a Vehicle Emissions Inspection Program (VEIP) exemption. The bill also increases the maximum number of miles a motor vehicle may be driven annually (from 5,000 to 10,000) in order to qualify for a VEIP exemption.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease, likely by *at least* \$560,700 in FY 2022 and *at least* \$747,600 in subsequent years, as discussed below. The Motor Vehicle Administration (MVA) and the Maryland Department of the Environment (MDE) can implement the bill’s changes with existing resources.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	(\$560,700)	(\$747,600)	(\$747,600)	(\$747,600)	(\$747,600)
Expenditure	0	0	0	0	0
Net Effect	(\$560,700)	(\$747,600)	(\$747,600)	(\$747,600)	(\$747,600)

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

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: All model year 1977 and newer vehicles in the State, unless specifically exempt, must be inspected and tested every two years. MVA and MDE must set the VEIP

fee for each vehicle to be inspected and tested, which may not exceed \$14. The current fee is \$14.

Exhibit 1 shows the required tests by vehicle type and model year.

Exhibit 1
Required VEIP Tests by
Model Year and Vehicle Weight

<u>Required Tests</u>	<u>Model Year</u>	<u>Vehicle Weight</u>
Gas Cap Test	1977 through 1995	8,501-26,000 pounds
On-board Diagnostic Test	1996 and newer (powered by gasoline or propane)	8,500 pounds or less
	2008 and newer (heavy duty vehicles)	8,501-14,000 pounds
Idle Exhaust Emissions Test	1977 through 1995 (powered by gasoline or propane)	8,501-26,000 pounds
	2008 and newer (heavy duty vehicles)	14,001-26,000 pounds

VEIP: Vehicle Emissions Inspection Program

Source: Motor Vehicle Administration

Certain types of vehicles are currently exempt from VEIP, including:

- vehicles with a model year of 1976 or earlier;
- vehicles weighing more than 26,000 pounds (gross vehicle weight);
- vehicles powered solely by diesel or electric;
- motorcycles;
- vehicles registered as farm trucks, farm truck tractors, or farm area vehicles;

- historic or antique vehicles;
- new vehicles and qualified hybrids for the first 36 months after titling and registration;
- any fire apparatus owned or leased by the State of Maryland, a county, municipality, or volunteer fire department or rescue squad;
- ambulances;
- vehicles registered to owners age 70 or older, or vehicles registered with hard metal disabled tags, that are driven 5,000 miles per year or less (if co-owned, both owners must qualify for the waiver, and mileage must be recertified every two years to continue to receive the waiver);
- vehicles registered as Class N (street rod);
- military vehicles owned by the federal government and used for tactical, combat, or relief operations, or for training for these operations; and
- vehicles registered as Class H (school vehicle) or Class P (passenger bus).

State Revenues: Based on data for vehicles owners who qualify for the existing VEIP exemption, MVA estimates approximately 53,400 additional exemptions annually under the bill. Although the bill increases (from 5,000 to 10,000) the maximum number of miles that may be driven annually in order to qualify for the exemption, MVA notes there is no way to determine the exact impact this provision will have on the number of annual exemptions.

If the share of VEIP exemptions for the new pool of eligible owners is the same as for the group of owners who are eligible under current law, then TTF revenues should decrease by about \$747,600 annually. Due to the bill's October 1, 2021 effective date, there is only a partial effect in fiscal 2022, resulting in a TTF revenue decrease of about \$560,700 that year. Beginning in fiscal 2023, TTF revenues decrease by approximately \$747,600 annually, reflecting the full number of annual exemptions MVA anticipates as a result of the bill.

MDE advises, however, that the bill's mileage provision may result in a much higher uptake rate in the share of vehicle owners seeking an exemption. Under one set of assumptions, MDE notes that the bill may result in 78,000 additional exemptions annually.

In that case, TTF revenues are more significantly affected – decreasing by \$819,000 in fiscal 2022 and by about \$1.1 million in subsequent years.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 14, 2021
md/ljm

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