

**Department of Legislative Services**  
 Maryland General Assembly  
 2022 Session

**FISCAL AND POLICY NOTE**  
**First Reader - Revised**

House Bill 1079 (Delegates Barve and Stein)  
 Environment and Transportation

**Vehicle Emissions Inspection Program - Standards, Requirements, and Application**

This bill makes several changes to the Vehicle Emissions Inspection Program (VEIP). Specifically, the bill (1) delays the initial biennial testing requirement (including for qualified hybrid vehicles) until the vehicle is at least seven (rather than three) years old while also limiting testing to vehicles equipped with an onboard diagnostic II (OBD) system; (2) repeals an obsolete inspection requirement related to misfueling checks; (3) allows a vehicle owner to take an initial emissions test at an approved certified repair facility; (4) authorizes any such facilities to charge a fee, which must be approved by the Motor Vehicle Administration (MVA), for a VEIP inspection; (5) authorizes MVA to close centralized test facilities operated under VEIP if test volume levels at a facility fall below a threshold established by MVA (and MVA determines there are an adequate number of alternative test facilities to serve vehicle owners in the area); and (6) makes other technical and conforming changes related to VEIP.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues decrease by an estimated \$4.6 million in FY 2023 and by \$6.1 million in subsequent years, as discussed below. TTF expenditures decrease by an estimated \$133,500 in FY 2023 and by \$178,000 in subsequent years due to fewer mailing notices associated with VEIP.

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	(\$4.6)	(\$6.1)	(\$6.1)	(\$6.1)	(\$6.1)
SF Expenditure	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)
Net Effect	(\$4.4)	(\$5.9)	(\$5.9)	(\$5.9)	(\$5.9)

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

**Local Effect:** The bill is not anticipated to materially affect local finances or operations.

**Small Business Effect:** Meaningful.

## Analysis

### Current Law:

#### *Vehicle Emissions Inspection Program*

All model year 1977 and newer vehicles in the State, unless specifically exempt, must be inspected and tested every two years. MVA and the Maryland Department of the Environment 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.

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### **Exhibit 1 Required VEIP Tests by Model Year and Vehicle Weight**

<b><u>Required Tests</u></b>	<b><u>Model Year</u></b>	<b><u>Vehicle Weight</u></b>
Gas Cap Test	1977 through 1995	8,501-26,000 pounds
Onboard 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

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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 or rescue 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).

VEIP testing in Maryland is operated as a centralized system, meaning tests are conducted at State facilities. However, VEIP testing is limited to 14 jurisdictions (*i.e.*, primarily counties in the Baltimore and Washington metropolitan areas).

**State Fiscal Effect:** Under the bill, the initial test delay for new vehicles is increased so that an inspection is required only on vehicles that are at least seven (rather than three) model years old. The bill also eliminates the testing requirement for a small number of remaining pre-OBD vehicles.

Based on data submitted by MVA in late 2021, approximately 323,576 fewer vehicles are subject to VEIP testing on an annual basis as a result of the additional exemptions. However, MVA also assumes a partially offsetting increase in VEIP tests (totaling approximately 79,719 tests for used vehicles annually), resulting in a net change of 243,857 fewer VEIP tests annually. The Department of Legislative Services (DLS) disagrees that the bill results in any additional VEIP inspections; any such used vehicles are already subject to VEIP inspections under current law and will continue to be subject to the same inspections under the bill. Nevertheless, to the extent used vehicle VEIP inspections are accelerated as a result of the bill's changes, DLS anticipates this would be a one-time acceleration and would be fully offset in subsequent years.

Accordingly, assuming 323,576 fewer vehicles are subject to VEIP testing annually as a result of the changes made by the bill, TTF revenues decrease by \$4.3 million annually due to inspection fees alone. Additionally, as noted by MVA, late fees tend to comprise a relatively large share of overall VEIP revenues (representing about 40% of total VEIP

inspection revenues). As a result, TTF revenues further decrease by \$1.7 million annually due to fewer late fee assessments. In total, as shown in **Exhibit 2**, DLS estimates that TTF revenues decrease by about \$6.1 million annually. Due to the bill’s October 1, 2022 effective date, TTF revenues decrease by a lesser amount – about \$4.6 million – in fiscal 2023 only.

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**Exhibit 2**  
**Annualized Revenue Effect of Vehicle Emissions Inspection Program Exemptions**

	<b>Reduction in Test Volume</b>	<b>VEIP Station Test Reduction (85%)</b>	<b>VEIP Kiosk Test Reduction (15%)</b>	<b>VEIP Station Revenue Reduction</b>	<b>VEIP Kiosk Revenue Reduction</b>	<b>Late Fee Revenue Reduction</b>	<b>Total Revenue Effect</b>
New Vehicles (4-6 Years)	303,417	257,904	45,513	\$3,610,656	\$455,130	\$1,626,314	\$5,692,100
Pre-OBD Vehicles*	20,159	20,159	*	\$282,226	*	\$112,890	\$395,116
<b>Total</b>	<b>323,576</b>	<b>278,063</b>	<b>45,513</b>	<b>\$3,892,882</b>	<b>\$455,130</b>	<b>\$1,739,204</b>	<b>\$6,087,216</b>

OBD: Onboard diagnostic

VEIP: Vehicle Emissions Inspection Program

\*Pre-OBD tests are only available at VEIP stations. The pre-OBD vehicles are no longer required to be tested under the bill and reflect heavy-duty vehicles, which were built prior to the availability of modern onboard diagnostic emissions control technology.

Source: Maryland Department of Transportation; Department of Legislative Services

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MVA further advises the bill is expected to result in fewer mailings (specifically for testing notices). As a result, TTF expenditure savings total \$177,967 annually, with a lesser effect – about \$133,500 – in fiscal 2023 due to the bill’s October 1, 2022 effective date.

The effect of the bill’s authorization to close decentralized testing facilities cannot be determined at this time, as any such impact depends on the extent to which decentralized facilities are utilized by vehicle owners (and the accompanying impact on test volume levels at State VEIP facilities). MVA notes that, under existing contractual obligations, the State is required to pay a monthly maintenance fee for its VEIP facilities, regardless of how many vehicles are tested at the location.

**Small Business Effect:** Certified repair facilities, many of which are assumed to be small businesses, are likely meaningfully affected by the bill. Under the bill, a vehicle owner may

have a VEIP inspection conducted at any such facility (*i.e.*, rather than only at State VEIP facilities). Further, the bill authorizes certified repair facilities to charge a convenience fee (in addition to the existing inspection fee). Depending on the fee level set by MVA, small business repair facilities benefit from the authorization to charge the additional fee under the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** SB 922 (Senator Watson) - Rules.

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

**Fiscal Note History:** First Reader - March 2, 2022  
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