

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1409 (Delegate Guns, *et al.*)
Environmental Matters

Vehicle Emissions Inspection Program - Queen Anne's County

This bill prohibits the enhanced Vehicle Emissions Inspection Program (VEIP) from being required in Queen Anne's County if the county has been reclassified by the Environmental Protection Agency (EPA) as being in attainment with national ambient air quality standards.

The bill is effective June 1, 1997.

Fiscal Summary

State Effect: Potential indeterminate decrease in expenditures. Revenues would not be affected.

Local Effect: Potential indeterminate decrease in expenditures. Revenues would not be affected.

Small Business Effect: Potential meaningful effect on small businesses in Queen Anne's County.

Fiscal Analysis

Background: The Vehicle Emissions Inspection Program (VEIP) was enacted in 1979 to comply with the Federal Clean Air Act. Implementation was postponed, but was later authorized to begin by January 1984 following the threat of federal sanctions. In 1990 the federal Clean Air Act Amendments were adopted, requiring more stringent air quality standards. Since Maryland had an existing contract with Systems Control, Inc. (SCI), the Environmental Protection Agency (EPA) allowed Maryland an extension until January 1, 1995 to implement an enhanced program. This new program involved more comprehensive test procedures, and increased the counties affected from 8 to 14.

In July 1993, the Board of Public Works awarded a \$96.9 million contract to construct and operate the new testing system to MARTA Technologies, Inc. The operating contract consists of a three-year base period with two one-year options. If the options are exercised, the operating contract period would run from January 1995 to December 1999. However, in 1994 public opposition to the VEIP program grew, and several states suspended plans to implement enhanced emissions testing programs. In Maryland, Chapter 428 of 1996 delayed the implementation date of the enhanced VEIP program to June 1, 1997. In addition, delays by MARTA in implementing the VEIP program delayed all testing from January 1995 until June 1995. Subsequent contract renegotiations with MARTA lowered the contract award by approximately \$1 million.

The Maryland Department of Transportation (MDOT) conducted various audits of MARTA's performance during 1996 and found deficiencies from the original request for proposals (RFP) document. Excessive wait times and inadequate bookkeeping were two of the principal deficiencies cited from the audits. Consequently, management reductions of \$316,330 were assessed against contractor performance. MARTA has since improved performance, which is now considered satisfactory by MDOT.

In August 1996, MARTA announced the intent to transfer its state emissions contracts with Florida, Ohio, and Maryland to Envirotech Technologies, Inc. After a due diligence period, a final settlement could not be reached on the transfer of Maryland's contract due to financial considerations. MARTA maintains it will continue to provide emissions testing in Maryland; the Ohio contract is being transferred to Envirotech. MARTA's contract is set to be available for renewal as of April 1, 1998.

State Effect: The Maryland Department of the Environment (MDE) advises that it has requested the redesignation of Queen Anne's County as being in attainment. However, EPA has not yet made a determination on the status of Queen Anne's County. If the reclassification is approved, the attainment maintenance plan could include other controls on emission sources to make up for the loss of the enhanced VEIP emissions reductions.

Should the county receive reclassification, under the bill's provisions it is assumed that a tailpipe emissions test would still occur in Queen Anne's County, but the enhanced VEIP program with the I/M 240 test would be prohibited. The bill does not alter the test fee for the emissions test, so revenues would not be affected. However, some operating cost savings could be realized due to the prohibition of the I/M 240 test. Since the program is administered by MARTA, any estimate of total savings cannot be determined until after contract renegotiations.

Maryland has submitted to the EPA its State Implementation Plan (SIP) to reduce 15% of the Volatile Organic Compound (VOC) emissions in the nonattainment areas. Because the county is not included in Maryland's SIP, prohibiting mandatory enhanced VEIP testing in Queen Anne's County would not affect the approval of the plan.

Local Effect: Queen Anne's County owns a fleet of approximately 100 cars that would require emissions testing. The provisions of this bill could lower the county's expenditures for repairs due to the prohibition of a more stringent emissions test.

Small Business Effect: To the extent small businesses own cars in Queen Anne's County, the prohibition of the enhanced VEIP could lower expenditures for repairs by an indeterminate amount. Simultaneously, automotive repair shops in Queen Anne's County could also experience lower repair revenues than would have been generated by the implementation of the more stringent emissions test.

If alternative control measures need to be implemented under the maintenance plan, small businesses, particularly those in the manufacturing industry, may have to make adjustments to comply with the air pollution reduction requirements.

Information Source(s): Maryland Department of Transportation (Motor Vehicle Administration), Maryland Department of Environment, Queen Anne's County, Department of Fiscal Services

Fiscal Note History: First Reader - March 3, 1997
brd

Analysis by: Christina H. Kim
Reviewed by: Kim Wells-McDonnell

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710