



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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A Three-Year Emissions Inspection Exemption Would Save North Carolina Motorists \$9.6 Million

Summary

This report follows up the Program Evaluation Division's December 2008 report entitled *Doubtful Return on the Public's \$1.41 Billion Investment in Poorly Managed Vehicle Inspection Programs*. The 2008 report recommended the General Assembly consider exempting the three newest model year vehicles from the State's vehicle emission inspection requirement.

In 2011, the General Assembly directed the Department of Transportation's Division of Motor Vehicles (DMV) and the Department of Environment and Natural Resources' Division of Air Quality (DAQ) to study the potential impacts on emissions levels and air quality under the following two conditions.

1. Exempt the three newest model year vehicles

The DMV/DAQ study found that a three-year exemption would not affect the State's adherence to federal air quality standards. Because the State would still be in compliance with federal air quality standards, North Carolina would not be in jeopardy of losing federal highway funds. The study finding concurs with the Program Evaluation Division's 2008 report which recommended the General Assembly consider exempting the three newest model year vehicles from emissions inspections.

The Program Evaluation Division estimates a three-year exemption would save North Carolina motorists \$9.6 million annually. This savings to motorists comes with a corresponding reduction in state revenue estimated at \$3.2 million. To address the reduction, the General Assembly could reduce the inspection station portion of the inspection fee, raise the inspection fee, reallocate the portion no longer needed to support the telecommunications account, or allow the reductions to occur.

A three-year exemption will require changes to General Statutes, administrative rules, and the State Implementation Plan (SIP) and thus cannot go into effect until January 1, 2014. Because the process of amending the SIP and changing administrative rules is time consuming, implementation of a three-year exemption law cannot become effective until January 1, 2014.

2. Eliminate the emissions inspection program

Eliminating the vehicle emissions program altogether would result in a pollutants increase of more than 80,000 tons per year. This increase would require the State to decrease additional pollutants using other costly alternatives in order to meet federal air quality standards.