

**ENVIRONMENTAL MANAGEMENT COMMISSION  
FISCAL NOTE FOR PROPOSED AMENDMENT AND READOPTION TO THE  
INSPECTION AND MAINTENANCE (I&M) PROGRAM**

**Rule Adoptions:** No

**Rule Amendments / Readoption:** 15A NCAC 02D .1002 / 15 NCAC 02D .1001, .1003 - .1010

**Rule Repeals:** None

**Rule Topic:** Motor Vehicle Emissions Inspection/Maintenance (I/M) Rules Revision (544), to incorporate Session Law 2017-10, Section 3.5(b), Applicability, as well as Session Law 2013-413 (H74) Readoption of Air Quality Rules according to G.S. 150B-21.3A.

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**Impact Summary:** State government: Yes  
Local government: Yes  
Substantial impact: Yes  
Private Sector: Yes

**Statutory Authority:** G.S. 143-215.3(a)(1); 143-215.107(a)(3); 143-215.107(a)(6), (7), (14); 20-128.2(a); 20-183.2; 143-215.107A; 20-4.01

**Necessity:** To incorporate revisions made in Session Law 2017-10 to the applicability of the vehicle inspection/maintenance program and to readopt rules in 15A NCAC 02D .1000 as part of Session Law 2013-413 (H74).

## **I. Executive Summary**

The 2017 session of the North Carolina General Assembly enacted Session Law 2017-10, Senate Bill 131 (An Act to Provide Further Regulatory Relief to the Citizens of North Carolina). Section 3.5(a) of the Act amended North Carolina General Statute (NCGS) §143-215.107A(c) to remove 26 of 48 counties from North Carolina's emissions inspection and maintenance (I&M) program. For the 22 counties remaining in the I&M program, the Act also amended NCGS §20-183.2(b) by changing the vehicle model year coverage to: (i) a vehicle with a model year within 20 years of the current year and older than the three most recent model years, or (ii) a vehicle with a model year within 20 years of the current year and has 70,000 miles or more on its odometer. Previously, the program applied to (i) a 1996 or later model year vehicle and older than the three most recent model years, or (ii) a 1996 or later model year vehicle and has 70,000 miles or more on its odometer. The effective date in the Act is the later of the following dates: October 1, 2017 or the first day of a month that is 60 days after the Secretary of the Department of Environmental Quality certifies that the United States Environmental Protection Agency has approved an amendment to the North Carolina state implementation plan of the proposed rule amendments are intended to satisfy the requirement.

The purpose of this document is to conduct an evaluation of the costs and benefits associated with revisions to Rule 15A NCAC 02D .1002, Applicability, to incorporate model year coverage requirements in the 22 remaining I&M counties. The revised rule applies to those respective counties that are required to have an emission inspection program under federal or State rules and states that a motor vehicle is subject to an emissions inspection if it meets the following requirements: it is (i) a vehicle with a model year within 20 years of the current year and older than the three most recent model years or (ii) a vehicle with a model year within 20 years of the current year and has 70,000 miles or more on its odometer.

The Division of Air Quality is also proposing to amend 15A NCAC 02D .1000 rules as necessary as part of the Session Law 2013-413 (H47) readoption process, and these rule amendments are being made with no impacts.

The fiscal impact of the proposed amendments to Rule .1002 is estimated to be \$2.15 million in 2018 which is assumed to be the first year the rule becomes effective. The fiscal impacts for years 2019, 2020 and 2021 are estimated to be \$2.57 million, \$2.87 million, and \$2.95 million, respectively. Owners of vehicles benefit from cost savings that are equally offset by the combined revenue losses by State government agencies and private sector impacts on owners of inspection stations. Table 1 shows the net present value of the fiscal impacts, which are estimated to be \$0 over the initial four-year period of this analysis. Owners of vehicles (private citizens, state/local fleets) benefit from \$8.86 million in cost savings associated with excluding vehicles between 1996 and 2001. State government agencies and owners of inspection stations will experience a loss of an equivalent amount (\$8.86 million).

These rule amendments cause substantial economic impacts, as defined in the Administrative Procedure Act in G.S. 150B-21.4.

**Table 1. Net Present Value of the Impacts\***

<b>NPV Analysis</b>	
<b>Affected Parties</b>	<b>Net Impact (2018-21), Present Value (2017\$)</b>
<b>Cost</b>	
Highway Fund (DMV) Receipts Loss + DMV Receipts Excess Loss	\$2,917,936
DAQ Revenue Loss	\$0
Inspection Station Revenue Loss	\$5,943,945
<b>Benefit</b>	
State, Local Fleet & Private Vehicle	\$8,861,881
<b>Total (Benefit - Cost)</b>	<b>\$0</b>
<b>Substantial Impact of Rule</b>	<b>\$17,723,762</b>

\*Assumes a 7% discount rate on fiscal impacts

## **II. Background**

The Environmental Management Commission (EMC) has the authority to adopt “a program for testing emissions from motor vehicles and to adopt motor vehicle emission standards,” NCGS §143-215.107(a)(6), “Air quality standards and classifications.” The EMC has adopted rules for a basic I&M program under 15A North Carolina Administrative Code (NCAC) Subchapter 2D, Section .1000 “Motor Vehicle Emissions Control Standards,” that are federally enforceable by the U.S. EPA under the Code of Federal Regulations (CFR), Title 40, Part 51. The I&M program is implemented by the Commissioner of the North Carolina Division of Motor Vehicles (DMV) through the use of licensed safety/emission inspection stations, NCGS Article 3 – Motor Vehicle Act of 1937 §20-128.2(a), “Motor vehicle emission standards.”

The DMV’s License and Theft Bureau has operational responsibility for the I&M program, and has created rules for implementing and monitoring the program under 19A NCAC 03D .0500. The DEQ provides technical support to DMV’s implementation of North Carolina’s I&M program. In addition, the DEQ develops specifications for the program and certifies the emissions testing equipment used in the program. The DEQ also prepares revisions to the State Implementation Plan (SIP) based on changes made by the North Carolina General Assembly and the EMC. In the past, implementation of this program has been an integral part of North Carolina’s SIP(s) to support attainment and maintenance of the National Ambient Air Quality Standards (NAAQS) for ozone and carbon monoxide.

The Clean Air Act (CAA), as amended, established NAAQS for the following criteria pollutants: carbon monoxide, lead, ozone, nitrogen dioxide, particulate matter and sulfur dioxide. The North Carolina vehicle I&M program started in 1982 with Mecklenburg County being required to have an emission inspection program to address violations of the carbon monoxide NAAQS. In 1984, Wake County was added to the program for carbon monoxide NAAQS violations. With the passage of the 1990 CAA Amendments, seven other counties (Cabarrus, Durham, Forsyth, Gaston, Guilford, Orange and Union) counties were added to the emission inspection program to

address violations of the 1-hour ozone and/or carbon monoxide standards. Under the 1997 8-hour ozone standard, the Charlotte/Gastonia/Rock Hill area was designated as a moderate nonattainment area. Senate Bill 953 (Session Law 1999-328) required an additional 39 counties to implement the vehicle emission program in order to improve air quality statewide. These counties were added to the program based on population, vehicle miles traveled, and the likely contribution by motor vehicles to high ozone levels in these counties and nearby counties. This expanded the program to a total of 48 counties.

The I&M program for the original nine counties subject to the program was based on a “tail-pipe” test. Starting in October 2002, the original nine counties converted from tail-pipe testing to the new On-board Diagnostics (OBD) emissions testing for all model year 1996 and newer light-duty gasoline vehicles and continued tailpipe testing of model year 1995 and older vehicles. The program was expanded from nine counties starting July 1, 2003 to a total of 48 counties on January 1, 2006. At the time of full implementation of the OBD program, inspection stations were performing the OBD emissions test on model year 1996 and newer vehicles, and tail-pipe testing for model year 1995 and older vehicles was discontinued.

In 2002, North Carolina inspection stations performed over 2.5 million vehicle emission inspections. As the new I&M counties were added, the number of inspections was expected to rise to a high of about 3.5 million inspections but then dip to a lower figure when all tailpipe testing ended on December 31, 2005. The actual number of OBD inspections has varied from 3.6 to about 5.4 million since 2006, due to a program change to align registration and inspection dates in 2008 and higher than expected fleet turnover and population growth. In 2016, 4.86 million emissions inspections were performed.

On November 1, 2008, the State ended the use of paper inspection stickers and began the process of aligning vehicle inspection expiration and registration renewal dates by using electronic inspection authorizations. Session Law 2011-95 enacted by the North Carolina General Assembly exempted plug-in electric vehicles from the I&M requirement.

In 2012, the North Carolina General Assembly enacted Session Law 2012-199 which required the DEQ and the DMV to change the emissions inspection program to exempt the three newest model year vehicles with less than 70,000 miles, and secure EPA approval. The DEQ prepared and submitted to the EPA an amendment to the North Carolina I&M SIP under the CAA to incorporate these changes to the emissions inspection program. The EPA approved the amendment on February 5, 2015.<sup>1</sup>

Session Law 2017-10 reduced the number of affected counties from 48 to 22.<sup>2</sup> The law also changed the model year coverage requirement as discussed earlier. The rule amendments

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<sup>1</sup> 80 FR 6455-6458 (Vol. 80, No. 24)

<sup>2</sup> Twenty-Six Counties Removed: Brunswick, Burke, Caldwell, Carteret, Catawba, Chatham, Cleveland, Craven, Edgecombe, Granville, Harnett, Haywood, Henderson, Lenoir, Moore, Nash, Orange, Pitt, Robeson, Rutherford, Stanly, Stokes, Surry, Wayne, Wilkes, and Wilson.

discussed in this analysis are necessary to comply with the new Session Law 2017-10 statute that reduces the regulatory burden on many vehicle owners while meeting federal air quality standards.

### III. Description of Existing Rules

15A NCAC 02D .1002, *Applicability*. This rule defines the trigger mechanisms for which specific vehicles are subject to the I&M requirements in the 48 counties identified in G.S. 143-215.107A(c). The vehicle model year coverage requirements are as follows: (1) a 1996 or later model year vehicle and older than the three most recent model years, or (2) a 1996 or later model year vehicle and has 70,000 miles or more on its odometer.

### IV. Motivation for the Proposed Rules

The motivation for the Session Law 2017-10 statute and the ensuing proposed rule is to reduce the economic impact of environmental rules while not interfering with the State’s ability to attain and maintain federal air quality standards.

### V. Identification of the Affected Sources

Affected sources will be the state and local fleet operators, private vehicle owners, DMV highway fund, DAQ and inspection station owners in the 22 I&M counties.

Vehicle documentation and records are kept systematically by the DMV, as each vehicle must have a registration card, license plate, and annual safety inspection with the odometer mileage recorded. Table 2 below shows the distribution of vehicles (model year and number of vehicles) that were inspected in the I&M counties. The total number of vehicles inspected is about 3.48 million for calendar year 2016.

**Table 2. Calendar Year 2016 I&M Vehicle Inspection Data from Mobile Source**

Model Year	2016 I&M Inspected Vehicles
1996	56,603
1997	79,530
1998	95,659
1999	118,706
2000	145,411
2001	147,866
2002	174,781
2003	198,411
2004	223,967

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Twenty-Two Counties Retained: Alamance, Buncombe, Cabarrus, Cumberland, Davidson, Durham, Forsyth, Franklin, Gaston, Guilford, Iredell, Johnston, Lee, Lincoln, Mecklenburg, New Hanover, Onslow, Randolph, Rockingham, Rowan, Union, and Wake.

2005	237,696
2006	245,808
2007	270,986
2008	245,564
2009	164,715
2010	208,030
2011	234,399
2012	267,854
2013	317,650
2014	33,183
2015	13,298
2016	2,670
<b>2016 Total</b>	<b>3,482,787</b>

Remaining Vehicles in Fleet by Year	2017	2018	2019	2020	2021
Model Year					
1996	41,177	32,148	25,087	19,516	15,170
1997	57,658	45,168	35,264	27,519	21,408
1998	68,766	54,091	42,374	33,083	25,817
1999	87,002	68,728	54,062	42,351	33,065
2000	106,679	84,756	66,954	52,666	41,258
2001	110,522	88,522	70,331	55,559	43,703
Total # Vehicles Exempted with Revised Rule		131,407 (Model yr 96-98)	156,787 (Model yr 96-99)	175,135 (Model yr 96-00)	180,420 (Model yr 96-01)

Using the 2016 actual inspections completed, future year projections are estimated for years 2018 through 2021. These projections were developed using county specific population related growth factors as described in the I/M SIP Maintenance Demonstration<sup>3</sup> and population data set used for projection obtained from the recent data set released by the North Carolina Office of State Budget and Management office. It is estimated that vehicle population will grow between 3 to 7 percent relative to 2016. A retrospective analysis for the past 3 years shows that between 2014 and 2016, the number of vehicles inspected under the I&M program grew between 1% and 10% (see Table 3). This actual growth rate is similar to the projected growth rate used in this fiscal note, validating the use of 1.01- 1.07 growth factor as being reasonable for determining vehicle populations in years 2018 through 2021. Table 3 below provides a projection of the number of vehicles in North Carolina that would be subject to the emissions inspection

<sup>3</sup> Attachment A, I/M SIP Maintenance Demonstration. Source Type Population - Local data (page 32-34) [https://files.nc.gov/ncdeq/Air%20Quality/planning/attainment/Inspection\\_and\\_Maintenance\\_Program/NC\\_IM\\_SIP\\_Maintenance\\_Demonstration\\_10-11-2013.pdf](https://files.nc.gov/ncdeq/Air%20Quality/planning/attainment/Inspection_and_Maintenance_Program/NC_IM_SIP_Maintenance_Demonstration_10-11-2013.pdf)

requirements under the baseline rule and the number of vehicles subject with the enactment of the proposed exemption.

The DAQ utilizes a Removal/Scrap Rate by Age calculation provided by the Office of State Budget and Management (OSBM) to estimate the number of vehicles expected to be exempted with the proposed rule. OSBM used a vehicle survivability and travel mileage schedules technical report published by National Center for Statistics and Analysis (NHTSA)<sup>4</sup> to calculate the Removal/Scrap Rate by Age. OSBM also used an April 2017 vehicle registration by counties and towns report to incorporate the different scrap rates for the various types light light-duty gasoline vehicles to determine total number of vehicles exempted with revised rule as shown in Table 2.

**Table 3. Baseline and Additional Vehicles Exempted under the Revised Statute**

All Vehicles Inspected in the I&M Counties						
Year	2016 (actual)	2017	2018	2019	2020	2021
<b>Baseline Rule</b>						
# Vehicles	3,482,787	3,532,818	3,582,818	3,632,890	3,683,022	3,733,269
<b>Proposed Rule</b>						
# Vehicles Exempted with Revised Rule			131,407	156,787	175,135	180,420
# Vehicles Required to have an Emissions Inspection			3,451,410	3,476,103	3,507,887	3,552,848
Growth Factor Relative to 2016			1.028	1.043	1.057	1.071
<b>Retrospective Analysis</b>						
	Vehicles Inspected	Vehicles Inspected with 3-year Exemption			Growth Factor Relative to 2014	
2014	3,763,452	3,150,429				
2015	4,046,903	3,463,930			1.10	
2016	4,249,977	3,482,787			1.01	

## VI. Establishment of the Regulatory Baseline

This section presents the revenues and costs to the affected parties under baseline and proposed rules. Under the baseline rules, the I&M program applies to (1) a 1996 or later model year vehicle and older than the three most recent model years, or (2) a 1996 or later model year

<sup>4</sup> USDOT NHTSA (January 2006), Vehicle Survivability and Travel Mileage Schedules. <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/809952>.

vehicle and has 70,000 miles or more on its odometer in the designated counties identified in G.S. 143-215.107A(c). Under the proposed rule the I&M program applies to (1) a vehicle with a model year within 20 years of the current year and older than the three most recent model years, or (2) a vehicle with a model year within 20 years of the current year and has 70,000 miles or more on its odometer in the designated counties discussed above.

For owners of vehicles required to have an annual emissions and safety inspection, the total fee charged is \$30 (see Table 4). Of this amount, \$16.40 is allocated for emissions inspection and \$13.60 is allocated for safety inspection. The revenue generated from emissions inspection is disbursed to state agencies via receipts (\$5.40) while the remaining \$11.00 are retained by the inspection station. The two state agencies benefiting from the receipts are DOT and DMV, and their allocations are based on the rates shown in Table 4. The DAQ receives a recurring fixed amount of \$2 million for FY16-17. It is assumed that this fixed funding level remains in effect throughout the 2018-2021 project period. The DAQ's \$2 million is obtained from the emission inspection fee at a rate of \$0.65, and receipts in excess of the fixed amount are retained by the DOT Highway Fund.

**Table 4. Cost Breakdown for Vehicle Emission and Safety Inspection**

	Receipts	Revenue to Inspection Station	Cost to Vehicle Owners
<b>1. Emission Inspection</b>			
DOT Highway Fund - DMV Receipts	\$4.75		
Division of Air Quality DAQ Fixed Receipts*	\$2 million		
DOT Highway Fund – DAQ's Excess over \$2 Million**	\$0.65		
<i>Fee Sub-total (State Agency Public Cost)</i>	<i>\$5.40</i>		
Inspection Station Revenue for Emission Inspection (State/ Local Fleets, Private citizen)		<i>\$11.00</i>	
<b>Emission Inspection Cost to Vehicle Owner</b>			<b>\$16.40</b>
<b>2. Safety Inspection</b>			
DOT Highway Fund - DMV	\$0.55		
Volunteer Rescue/EMS Fund	\$0.18		
Rescue Squad Workers' Relief Fund	\$0.12		
<i>Fee Sub-total (State Agency and Others Public Cost)</i>	<i>\$0.85</i>		
<i>Inspection Station Revenue for Safety Inspection</i>		<i>\$12.75</i>	
<b>Safety Inspection Cost to Vehicle Owner</b>			<b>\$13.60</b>
Total Government Agencies Fee Revenue	\$6.25		
Total Inspection Stations Revenue		\$23.75	
<b>Total Inspection Cost to Vehicle Owners</b>			<b>\$30.00</b>

\*DAQ I&M budget is appropriated by the 2016 budget bill to a recurring fixed amount of \$2 million for FY16-17.

\*\*The DOT Highway Fund retains all fee collections above the \$2 million budgeted to DAQ from the \$0.65 portion of the emission inspection fee.

Table 5, presents cost and benefit associated with the baseline scenario for future years 2017 through 2021. The number of vehicles inspected per year, shown earlier in Table 3, were multiplied with the cost and revenue data shown in Table 4 to generate the baseline revenue and expenditures shown below.

**Table 5. Baseline Revenue and Expenditures from Emission Inspections**

Year	2017	2018	2019	2020	2021
<b>Cost</b>					
State, Local Fleet & Private Vehicle Owners (\$16.40 * # of Vehicles)	\$57,938,222	\$58,758,208	\$59,579,403	\$60,401,560	\$61,225,604
<b>Benefit</b>					
Highway Fund (DMV) Receipts (\$4.75* # of Vehicles)	\$16,780,887	\$17,018,384	\$17,256,230	\$17,494,354	\$17,733,026
DAQ Fixed Revenue	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Highway Fund (DMV) – DAQ Excess Receipts (\$0.65 * # of Vehicles - \$2,000,000)	\$296,332	\$328,831	\$361,379	\$393,964	\$426,625
Inspection Station Revenue for Emission Inspection (\$11* # of Vehicles)	\$38,861,002	\$39,410,994	\$39,961,795	\$40,513,242	\$41,065,954

**VII. Changes from the Baseline: Estimate Impacts of the Proposed Rule to the Existing Affected Sources**

Table 6 estimates the fiscal impacts of the proposed rule. The number of vehicles exempted with the proposed rule were presented earlier in Table 3. The cost savings to vehicle owners are estimated to be \$2.1 million in 2018 and about \$2.8 million in the remaining years of the project term. The revenue loss to the inspection station and the state agency receipts are equal to these same amounts. The inspection stations will realize a revenue loss of \$1.4 million in 2018 and between \$1.7 and \$1.98 million in years 2019-2011. The loss in receipts to the highway fund is estimated to be \$0.71 million in 2018. The DAQ’s revenue is not affected; however, since the collections from the \$0.65 fee are greater the DAQ’s \$2 million fixed amount, the highway fund will continue to receive funding from the DAQ portion, but at a lesser amount.

**Table 6. Changes from the Baseline Revenue and Expenditures with Proposed Exemption**

<b>Revised Rule Impact</b>				
Year	2018	2019	2020	2021
<b>Cost</b>				
State, Local Fleet & Private Vehicle Owners	\$56,603,129	\$57,008,093	\$57,529,345	\$58,266,715
<b>Benefit</b>				
Highway Fund (DMV) Revenue Receipts	\$16,394,199	\$16,511,490	\$16,662,463	\$16,876,030
DAQ Fixed Revenue	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Highway Fund (DMV) – DAQ Excess Receipts	\$243,417	\$259,467	\$280,126	\$309,352
Inspection Station Revenue for Emission Inspection	\$37,965,513	\$38,237,135	\$38,586,756	\$39,081,333
<b>Net Rule Impact</b>				
Year	2018	2019	2020	2021
<b>Cost</b>				
Highway Fund (DMV) Receipts Loss	\$624,185	\$744,739	\$831,892	\$856,995
DAQ Receipts Loss	\$0	\$0	\$0	\$0
Highway Fund (DMV) – Receipts Loss from DAQ’s Excess	\$85,415	\$101,912	\$113,838	\$117,273
Inspection Station Revenue Loss	\$1,445,480	\$1,724,659	\$1,926,486	\$1,984,621
<b>Benefit</b>				
State, Local Fleet & Private Vehicle Owners	\$2,155,080	\$2,571,310	\$2,872,215	\$2,958,890
Total (Benefit - Cost)	\$0.00	\$0	\$0	\$0
Substantial Impact of Rule	\$4,310,159	\$5,142,621	\$5,744,431	\$5,917,779

Table 7, Net Present Value of the Impacts, calculates the net present value of the impacts, which are substantial, during the initial implementation year of these proposed amendments, using a seven percent discount rate.

**Table 7. Net Present Value of the Impacts\***

<b>NPV Analysis</b>	
Affected Parties	Net Impact (2018-21), Present Value (2017\$)
<b>Cost</b>	
Highway Fund (DMV) Receipts Loss + DMV Receipts Excess Loss	\$2,917,936
DAQ Revenue Loss	\$0
Inspection Station Revenue Loss	\$5,943,945

<b>Benefit</b>	
State, Local Fleet & Private Vehicle	\$8,861,881
<b>Total (Benefit - Cost)</b>	\$0
<b>Substantial Impact of Rule</b>	\$17,723,762

\*Assumes a 7% discount rate on fiscal impacts.

### Revenue Losses & Gain

The NPV analysis in Table 7 shows that the revenue loss for the DMV highway fund is estimated to be nearly \$2.9 million. The revenue losses for all the inspection station owners is estimated to be \$5.9 million. The impact to DAQ is \$0. Currently, DVM funds are appropriated by the General Assembly and they also appropriated a recurring fixed amount of \$2 million for FY 16-17 to the DAQ budget. The excess loss is expected to be absorbed by the DMV highway fund. For the future years, we expect appropriations of a similar magnitude to continue at the current amount and therefore do not see any impact to DAQ revenue stream. As shown in Table 7 above, the revenue gain for the private and public vehicle owners are estimated to be \$8.86 million.

### **VIII. Comparison with Original Analysis**

In the original statute, Session Law 2012-199, 1996 to most recent year vehicles are included and excludes vehicles of the three most recent model years with less than 70,000 miles in the counties identified in G.S. 143-215.107A(c).

The revised statute, Session Law 2017-10, will require identified counties to have an emission inspection program under federal or state rules and states that a motor vehicle is subject to an emissions inspection if it meets the following requirements: it is (1) a vehicle with a model year within 20 years of the current year and older than the three most recent model years or (2) a vehicle with a model year within 20 years of the current year and has 70,000 miles or more on its odometer and summarizes the impact presented in the tables above.

### **IX. Risk and Uncertainty**

The I&M program consists of both safety and emissions inspections. The emission inspection consists of plugging into the OBD which takes only a few minutes of the operator's time. The remaining operator's time is spent on performing the safety inspection and therefore, the opportunity cost of the time loss from the emissions inspection activity is expected to be negligible and therefore was not considered for this analysis.

DAQ and OSBM used April 2017 vehicle registration data and determined 81% cars and 19% trucks and used cars to trucks ratio respectably along with removal scrap rate by vehicle age to estimate number exempted vehicles for the 2018-2021, and any change in registration or scrap rate would impact the projection accordingly.

The I&M program is part of the North Carolina SIP under the CAA to attain and maintain the ozone national ambient air quality standards (NAAQS). The I&M program is federally enforceable, and its requirements were approved and codified in the CFR under Title 40, Part 51. Revisions to air quality rules requires a SIP revision and a demonstration that the modifications will not contribute to non-attainment or maintenance issues for any criteria pollutant NAAQS.

In accordance with Section 110(l) of the CAA, the DAQ is submitting a noninterference demonstration to request EPA's approval to change the vehicle model year coverage for the counties identified in G.S. 143-215.107A(c) and covered by North Carolina's I&M SIP. The noninterference demonstration document provides a comprehensive review of the current ambient air quality monitoring and emissions data available for the counties identified in G.S. 143-215.107A(c) and proposed for changing the vehicle model year coverage. This document summarizes the current ambient air quality monitoring and emissions data available for each of the I&M counties and shows that changing the vehicle model year coverage in each county will not interfere with maintaining compliance with the NAAQS in these or adjacent counties. DAQ concludes the maintenance of the NAAQS to be preserved.

Although the drop of model year vehicles may cause a slight increase in emissions, the NAAQS set by the EPA to protect public health is not projected to be exceeded as explained in the noninterference analysis. In the event the NAAQS is exceeded, DAQ will conduct a technical analysis and the result may or may not get the removed model year vehicles back into the I&M program.

## **X. Consideration of Alternatives**

There are no alternatives, since this rule change is directed by G.S. 143-215.107A(c). The general statute defines counties, model year and mileage of vehicles that are subjected to the I&M program.

## **XI. Conclusions**

The revised statute, in accordance with Session Law 2017-10, changes the I&M program in North Carolina to a rolling 20-year vehicle coverage, which results in substantial economic impacts, as defined by the Administrative Procedure Act in N.C.G.S. 150B-21.4. However, the rule change itself has no impact beyond that created by the statute since its sole purpose is to bring the related rules into agreement with the revised statute.

Reference Attachment:

1. North Carolina Inspection and Maintenance Program Study to Examine Whether All the Counties Covered Under the Emissions Testing and Maintenance Program are Needed to Meet and Maintain the Current and Proposed Federal Ozone Standards in North Carolina.

[https://ncdenr.s3.amazonaws.com/s3fs-public/Air%20Quality/news/leg/DEQ\\_Final\\_Report\\_IM%20Study\\_SL\\_2013-413.pdf](https://ncdenr.s3.amazonaws.com/s3fs-public/Air%20Quality/news/leg/DEQ_Final_Report_IM%20Study_SL_2013-413.pdf)