

H.632 Proposed Changes to the Automotive Emissions Repair Assistance Program

Air Quality and Climate Division, Department of Environmental Conservation

Introduction

Motor vehicles, while an essential mode of transportation in a rural state like Vermont, are a major source of air pollutants that are associated with a variety of public health and environmental impacts. Importantly, the authorizing legislation passed in 2021 provides relief to low-income Vermonters while protecting the air quality of all Vermonters by providing financial assistance to low-income Vermonters with vehicles in need of emissions-related repairs associated with failing the annual motor vehicle inspection. Only motor vehicles that are subject to the on-board diagnostic (OBD) emissions inspection (and fail the emissions test) can qualify for this repair program. These include passenger cars and light-duty trucks with a gross vehicle weight rating of 8,500 pounds or less that are 16 model years old or less, as described in the DMV Periodic Inspection Manual¹ and the Air Pollution Control Regulations². Larger trucks, like dump trucks, or vehicles older than the 16 model years, are not subject to the OBD emissions inspection and therefore are not eligible to participate in the repair assistance program. Please visit the Program's webpage for more information at: www.EmissionsRepair.vermont.gov.

Proposed Changes

1. The proposed change to the income eligibility for the Automotive Emissions Repair Assistance Program (AERAP) replaces gross household income with Adjusted Gross Income (AGI) considering the number of dependents claimed.
2. While an applicant's gross household income is effective for Low-Income Home Energy Assistance Program (LIHEAP), using household income level for AERAP presents several issues with income verification and auditing the program.
 - a. Gross household income depends on household size. Currently, AERAP applicants self-attest to their household size during the application process, and the Program has no way to verify the reported household size without collecting additional sensitive personal information.
 - b. Verifying household income is challenging because consent from every household member to release their tax information would be required.
 - c. The only tax forms that could provide gross household income are the Homestead Declaration and Property Tax Credit Claim, or the Renter Credit Claim. AERAP applicants may not file these forms depending on their living situation.
 - d. If an applicant does file either form, the income data collected does not account for potential exclusions allowed under LIHEAP when determining gross household income. These allowable deductions include the cost of child/dependent care, court-ordered child support, some shelter expenses, some medical expenses, etc. As a result, using these forms to assist the Program with auditing and income verification would not be accurate.

¹ Vermont Department of Motor Vehicles, *Periodic Inspection Manual*, VN-113 (2019), 45.

https://dmv.vermont.gov/sites/dmv/files/documents/VN-113-Periodic_Inspection_Manual.pdf

² Code of Vermont Rules 12-031-001 Vermont Air Pollution Control Regulations, Subchapter VII, 5-703 Eff. July 3, 1996; Amended December 2022. https://dec.vermont.gov/sites/dec/files/aqc/laws-regs/documents/Vermont_Air_Pollution_Control_Regulations.pdf#page=148

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- e. Additionally, gross household income is more applicable to LIHEAP support which directly benefits households by helping with energy needs for the home, while AERAP support directly benefits individual vehicle owners and should not necessarily depend upon housing status or household size. Please note that we are not eliminating household size considerations. We are proposing using the number of claimed dependents listed on individual income tax return forms as a proxy to household size, which is done in other similar repair assistance programs.

As an example, multiple transportation-focused incentive programs (Replace Your Ride, MileageSmart, and Electric Vehicle Purchase Incentives Program) that were previously administered by the Vermont Agency of Transportation utilized Adjusted Gross Income (AGI) as their income criterion. ANR wants to follow this existing process. AGI is more easily interpretable by applicants as it is reported on their federal and state Income Tax Return Forms.

3. The current program offers up to \$2,500 for emissions repairs for applicants that have an income at or below 185% of the federal poverty level (FPL). The second proposed change includes the following sliding scale of voucher amounts that expands eligibility for lower- and middle-income Vermonters while preserving the highest voucher amounts for those with the greatest need. The proposed changes align the program more closely with comparable programs administered in other states.

Sliding scale:

- Income: 185% FPL, maximum voucher amount: \$2,500
- Income: 250% FPL, lower voucher amount: \$1,875
- Income: 300% FPL, lowest voucher amount: \$1,250