COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4128-01
Bill No.: HB 1532
Subject: Environmental Protection; Motor Vehicles; Revenue Dept.
Type: Original
Date: February 7, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
MO Air Emission Reduction Fund	$0	($367,197)	($487,638)
MO Air Pollution Control Fund	$0	($19,584)	$0
Highway Fund	$0	($88,907)	($182,321)
Total Estimated Net Effect on Other State Funds	**$0**	**($475,691)**	**($669,959)**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume they will need to revise policies and procedures (electronically) and include a flier with the renewal notices to explain the new emissions exemptions since they won't know at the time of printing the renewal if the vehicle has traveled less than 12,000 miles since the last safety inspection.

The cost of the fliers will be:

$16,250, $20,085 and $20,688 in the three fiscal years.

Information Technology Bureau

240	Contract Programming Hours
x$104	Hourly Rate
$24,960	

This proposal will require one contract programmer CIS I to complete 240 hours of programming changes at an average rate of $104 per hour to the MORE (Missouri Online Registration Exchange) system to verify the emissions inspection prior to renewing an online registration. It

ASSUMPTION (continued)

will also require verification of mileage, safety inspection an emission inspection through a private vendor, MSHP or DNR.

Programming Changes will be required to several legacy programs for renewals and renewal messages for the counties that require emissions and the cost for those changes will be absorbed internally.

REVENUE IMPACT

There are currently 1,141 inspection stations and for the purpose of this proposal the department assumes that approximately 50% would operate as an official emissions inspection station; therefore the following is based on that assumption

571	Emission Inspection Stations
x$10	Authorization Fee
$5,710	

Oversight assumes since the contract for emission inspection continues until 2007 the above costs incurred can be absorbed by the Department of Revenue. Oversight also assumes the revenue impact is included in the Department of Natural Resources assumptions for this proposal.

Officials from the **Missouri Highway Patrol - Motor Vehicle Inspection Division** assume a total of nine FTE would be required if the proposal is passed. These would replace the nine FTE that were eliminated from the Troop C MVI Unit in 2000 when the Patrol was written out of the emission inspection program.

Nine Motor Vehicle Inspectors: Responsibilities include performing routine audits and oversight and enforcement of the safety and emission inspection programs. One of the Motor Vehicle Inspectors would serve as a liaison to the Department of Natural Resources and facilitate the additional administrative responsibilities of the emission inspection program.

ASSUMPTION (continued)

Salaries

9 Motor Vehicle Inspectors @ $25,068 per year =	$225,612 (recurring)

*** Fringe benefit calculations are provided on the fiscal worksheet at a rate of 61.64%.

Total salaries per year recurring =	$225,612

Equipment

9 Hat Badges @ $50.30 each =	$453 (one-time)
9 Catalog cases @ $58 each =	$522 (one-time)
9 Clipboards @ $30 each =	$270 (one-time)
9 Tape Measures @ $13 each =	$117 (one-time)
Total equipment per year one-time =	$1,362

Expenses

9 Uniform allowance @ 1,200 *first year only* =	$10,800 (one-time)
9 Uniform allowance @ 600 *second year and beyond* =	$ 5,400 (recurring)
9 Mileage costs @ 800 miles x .41 a mile =	$35,424 (recurring)
9 Pager lease and usage @ $7 a month =	$ 756 (recurring)
Total expenses per year one-time =	$10,800
total expenses per year recurring =	$41,580

Oversight assumes this would occur over a period of time. We are assuming this will be phased in beginning in FY 2008 with 2 FTE, and continuing with 4 FTE in 2009. The remaining FTE could be phased in through the appropriations process, with additional FTE determined on the amount of stations participating in the contract.

Officials from the **Department of Transportation (MoDOT)** assume this proposal establishes a decentralized emission inspection program which utilizes on board diagnostic testing on certain vehicles. MoDOT does not anticipate a fiscal impact.

Officials from the **Secretary of State's Office** assume this proposal establishes a decentralized emission program which utilizes on-board diagnostic testing on certain motor vehicles. This proposal would result in the Department of Revenue, Missouri Highway Patrol, and Department of Natural Resources promulgating rules. These rules would be published in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules,,

ASSUMPTION (continued)

regulations and forms issued by the Department of Revenue, Missouri Highway Patrol, and Department of Natural Resources could require as many as 32 pages in the Code of State

Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the code. These costs are estimated. The estimated cost of a page in the Missouri Register is $23. The estimated cost of a page in the Code of State Regulations is $27. The actual cost would be more or less than the numbers given. The impact of this proposal in future years is unknown and depends upon the frequency and length of the rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing packets and section of the State Manual related to this proposal. If multiple bills pass which require the printing and distribution of packets at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would revise the state emissions inspection program. It would create a decentralized emissions inspection program whereby motor vehicle safety inspection stations and other entities would conduct emissions inspection if certified by the Air Conservation Commission.

The department would have to draft and obtain a contract with one or more vendors to supply vehicle emissions testing equipment, electronic data collection computers, data analysis and training to entities licensed to perform vehicle emissions testing. This change would involve a substantial redesign from the current I/M program design, which could change the department's staffing needs and responsibilities from their current level.

Businesses interested in participating in the proposed decentralized I/M program would have to choose to invest in training to become licensed to provide emissions testing and/or repair services. Provided the number of business making this decision is high, motorists would have a larger number of choices regarding who could perform their vehicle's emissions tests.

It is unknown how many businesses would apply for the license; therefore, the estimated revenue from this proposal is unknown. For purposes of this fiscal note, the department assumed the amount of revenue generated would be offset by the ongoing program costs to process these applications and permits.

The department assumes the training and certification program would be included as part of the contract to provide a decentralized I/M and would be defined by the request for proposal bidders.

ASSUMPTION (continued)

It is assumed the cost for training/certification would be paid by the businesses who make the decision to participate; therefore this has not been shown as a direct cost to the state. The company awarded the bid for this contract would receive the revenue directly from the businesses, so there is no estimate provided for the cost of this program to the state.

	# of 1981-1995 vehicles	State Oversight Fee	Total Revenue Lost
St. Louis City	44,292	$2.50	$110,730.00
St. Louis County	74,571	$2.50	$186,427.50
St. Charles County	26,618	$2.50	$ 66,545.00
Jefferson County	26,795	$2.50	$ 66,987.50
RapidScreen Vehicles	11,484	$2.50	$ 28,710.00
Franklin County	14,150	$0.75	$ 10,612.50

It is unknown at this time what impact the development of a decentralized emissions inspection program would have on ongoing program costs. However, the department assumes any changes to ongoing program costs would occur outside the fiscal note period.

This proposal would also require the establishment of a low-income assistance program for vehicle repairs. The details of the implementing such a program and how it would be funded are not outlined in the proposal and are therefore unknown at this time.

Officials from the **Department of Agriculture** assume this proposal will not impact on their agency.

This proposal will reduce total state revenue.

FISCAL IMPACT - State Government	FY 2007 (10 Mo.)	FY 2008	FY 2009
MO AIR EMISSION REDUCTION FUND			
Transfer In - Department of Natural Resources			
Transfer In MO Air Emission Reduction Fund	$0	$19,584	$0
Loss - Department of Natural Resources			
Vehicle Inspection Fee & Remaining Basic I/M Fee	$0	($386,781)	($487,638)
ESTIMATED NET EFFECT ON MO AIR EMISSION REDUCTION FUND	**$0**	**($367,197)**	**($487,638)**
MO AIR POLLUTION CONTROL FUND			
Transfer Out - Department of Natural Resources			
Fund Balance Transferred to MO Air Emission Reduction Fund	$0	($19,584)	$0
ESTIMATED NET EFFECT ON MO AIR POLLUTION CONTROL FUND	**$0**	**($19,584)**	**$0**
HIGHWAY FUND			
Cost - Missouri Highway Patrol			
Salaries	$0	($52,674)	($107,982)
Fringes	$0	($32,468)	($66,650)
Equipment & Expense	$0	($3,765)	($7,689)
ESTIMATED NET EFFECT ON HIGHWAY FUND	**$0**	**($88,907)**	**($182,321)**

FISCAL IMPACT - Local Government	FY 2007 (10 Mo.)	FY 2008	FY 2009
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

Yes, for those businesses whose vehicles are not required to complete the emissions inspection.

Under the current emissions testing program vehicles 25 years and newer are required to be emissions tested. This bill proposes to exempt vehicles of model years 1995 and older from emissions testing. By decreasing the number of tested vehicles, this proposal could potentially reduce the number of failing vehicles that will be repaired by small businesses (non-dealer repair shops). However, by allowing vehicle repair shops, official safety inspection stations and other certified entities to conduct vehicle emissions testing, small businesses will have a potential new revenue source.

These same small businesses will have increased costs if they participate. There is a $10 permit fee to operate an official emission inspection station. costs may also include purchases of testing equipment, hardware or software upgrades, maintenance costs, and employee training costs.

DESCRIPTION

This bill revises the state vehicle emissions inspection program by creating a decentralized emissions inspection program in which only motor vehicle safety inspection stations and other entities certified by the Air Conservation Commission will conduct emission inspections. The program will apply consistently throughout the City of St. Louis and the counties of St. Louis, St. Charles, Jefferson, and Franklin.

Prior to September 1, 2007, the commission must develop a program which allows official emissions inspection stations to conduct onboard diagnostic testing on 1996 and newer vehicles. Before issuing a certificate of authorization to a prospective station, the commission must determine if the applicant will be properly equipped, has qualified emission inspectors, and meets other requirements specified by the commission. Official inspection stations which are certified will be allowed to repair motor vehicles to bring them into compliance.

The fee for an emission inspection will be $15. Vehicle owners will not be charged an additional fee for a reinspection completed within 20 days, excluding Saturdays, Sundays, and holidays.

DESCRIPTION (continued)

The fee will only be waived if the reinspection is made by the station making the initial inspection. The Director of the Department of Revenue may verify a successful inspection electronically.

The commission must establish, by rule, a waiver amount equal to the waiver amount provided in the federal Clean Air Act and the regulations promulgated for the enhanced motor vehicle emissions inspection for all model year vehicles.

The bill exempts from the inspection requirements diesel-powered vehicles except light-duty, diesel-powered vehicles manufactured after 1996 with a gross vehicle weight rating of 8,500 pounds or less; new motor vehicles which have not been previously titled and registered for the two-year period following their model year of manufacture; vehicles which are engaged in interstate commerce and are proportionately registered with the Highway Reciprocity Commission; and motor vehicles driven fewer than 12,000 miles between biennial safety inspections. Vehicles which are inspected and approved prior to a sale or transfer will not be subject to another emission inspection for 90 days after the date of sale or transfer.

The procedures for becoming an official emissions inspection station are specified. The commission may suspend a station's certificate of authority to conduct emission inspections if the station is given due process as specified in the bill.

The bill requires the commission to establish an emissions system repair technician program. Successful completion of the program will require a passing score on a written test and a hands-on test. An automotive repair technician may forego participation in the program for up to two years after passage of the bill if proof is submitted that he or she possesses current A6 and A8 certifications from the National Institute for Automotive Service Excellence.

The commission, in consultation with the Department of Natural Resources, must establish an economic assistance program for compliance with emission standards for persons with household incomes of less than 185% of the federal poverty level. This assistance will be used to offset the cost of repairs to bring vehicles into compliance. Assistance priority will be given to persons who possess only one vehicle or who do not qualify for a waiver.

The department and the State Highway Patrol will provide oversight of the emissions inspection program. Beginning October 1, 2008, and every October 1 thereafter, the department and the patrol must jointly submit an annual report to the General Assembly detailing the oversight measures implemented for the program, data collected regarding compliance and incidents of fraud, and recommendations for improvements to the program.

VL:LR:OD (12/02)

DESCRIPTION (continued)

The bill abolishes the Missouri Air Pollution Control Fund and transfers its moneys to the Missouri Air Emission Reduction Fund.

The bill becomes effective September 1, 2007.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Department of Natural Resources
Missouri Highway Patrol
Department of Transportation
Department of Revenue

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Director
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