

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4839H.011
 Bill No.: HB 1873
 Subject: Motor Vehicles; Air Quality; Roads and Highways
 Type: Original
 Date: February 16, 2026

Bill Summary: This proposal requires the Air Conservation Commission to terminate by January 1, 2028, the operation of any motor vehicle emissions inspection program established under the Air Quality Attainment Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$104,811)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$104,811)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Missouri Air Emission Reduction Fund (1267)	(\$439,997)	(\$504,058)	(\$479,642)
Highway Fund	(\$176,583)	(\$160,000)	(\$160,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$616,580)	(\$664,058)	(\$639,642)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal Highway Funds	\$0	\$0 or Up to (\$1,435,105,000)	\$0 or Up to (\$1,435,105,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0 or Up to (\$1,435,105,000)	\$0 or Up to (\$1,435,105,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Missouri Air Emission Reduction Fund (1267)	(11 FTE)	(11 FTE)	(11 FTE)
Total Estimated Net Effect on FTE	(11 FTE)	(11 FTE)	(11 FTE)

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§32.300, 301.032, 301.147, 301.190, 307.390, 643.33 – 643.355 – Repeal of the Motor Vehicle Emissions Inspection Program

Officials from the **Department of Natural Resources (DNR)** assume this proposal would require the Missouri Air Conservation Commission to terminate the motor vehicle emission inspection and maintenance program for all counties/cities in the St. Louis area by January 1, 2028. The bill also repeals all statutory sections relating to the emission inspection and maintenance program in the St. Louis area.

Although the bill indicates the emission inspection and maintenance program would need to end by January 1, 2028, this fiscal note was developed assuming that the Gateway Vehicle Inspection Program (GVIP) would end upon the effective date of the bill after it passes and is signed into law. This is because the bill repeals in their entirety, Sections 643.300 - 643.355, RSMo, which would cause the department to lack the authority to continue implementing the emission inspection program upon the effective date of the legislation (August 28, 2026). If the emission inspection program were to continue operating up until January 1, 2028, there would be no fiscal impact in FY 2027 and the impact in FY 2028 would be 50 percent less than what is listed in this fiscal note.

This legislation would reduce the Missouri Air Emission Reduction Fee Fund by approximately \$1,577,000 in FY 2027 and by approximately \$1,892,000 in FY 2028 and beyond. This revenue is generated by the fees collected for passing vehicle emissions inspections (\$2.50 per test) in the area covered by the GVIP. The associated loss of interest earned was not included.

FY 2024 Passing Inspections: 756,076

FY 2025 Passing Inspections: 757,536

FY 2024/2025 Average Annual Passing Inspections: $(756,076 + 757,536)/2 = 756,806$

Lost annual inspection revenue for inspection stations:

FY 2027 lost revenue (10 of 12 months): $(756,806 \times \$2.50) \times (10/12) = \$1,576,679$

FY 2028 and beyond lost revenue $756,806 \times \$2.50 = \$1,892,015$

The Air Emissions Reduction Fee Fund is used to fund various emissions activities required by the federal Clean Air Act. The vehicle emission inspection program is a required component of the state implementation plan (SIP) to bring the St. Louis area into attainment with the 2015 ozone standard.

The removal of the inspection maintenance program in the nonattainment area would prevent U.S. Environmental Protection Agency (EPA) from approving the SIP revision the department submitted in September 2023 as required due to the moderate nonattainment classification of the

St. Louis area for the 2015 ozone standard. If the EPA is unable to approve this SIP element, it could also prevent the EPA from being able to re-designate the area to attainment, which the air program is currently pursuing.

Elimination of the GVIP would likely require the elimination of approximately seven (7) fully funded Air Pollution Control Program positions: (7 FTE) located in St. Louis, along with two (2) positions funded by the program at fifty and seventy five percent, and (1.25 FTE) located in Jefferson City. These team members' salaries are partially or fully funded by the Air Emission Reduction Fund at this time.

- One (1) Environmental Program Manager – Annual Salary: \$110,933 (\$100,848 per FTE plus 10% time of service pay - \$110,933).;
- Two (1.5) Environmental Program Supervisors – Annual Salary: \$187,862 (\$85,392 per FTE plus 10% time of service pay - \$93,931);
- One (1) Administrative Support Assistant – Annual Salary: \$48,312 (\$43,920 per FTE plus 10% time of service pay - \$48,312); and
- Five (4.75) Environmental Program Analysts – Annual Salary: \$368,940 (\$67,080 per FTE plus 10% time of service pay- \$73,788)

In addition to covering the salary and benefits of these nine (9) positions (8.25 FTE), the Missouri Air Emission Reduction Fee Fund also pays a portion of the salaries and benefits of 26 additional positions housed in Jefferson City that perform a percentage of their work in support of GVIP or in support of developing the required plans to comply with the outdoor air quality standard for ozone in St. Louis. The work performed by these positions that is paid for through the Missouri Air Emission Reduction Fund totals 6.0521 FTE. Although the work in support of GVIP functions would be eliminated through this bill, the work to support ozone planning in St. Louis would remain. However, the department estimates that to balance the budget, approximately two (2) of the 26 positions would need to be fully eliminated saving the salary and benefit expenses for two (2) FTE, and work objectives would be combined or reorganized for the remaining positions. The remaining 4.0521 FTE may need to be shifted from the Missouri Air Emission Reduction Fee Fund (fund 1267) to other department fee funds and eligible federal grants. Currently, there is not sufficient funding available from the remaining eligible fund sources to sustain these emissions activities on an on-going basis.

The 26 positions that are partially funded with the Missouri Air Emission Reduction Fund are outlined below. Note, where multiple positions of the same classification are partially funded with the Missouri Air Emission Reduction Fee Fund, the FTE and salaries funded with the Air Emission Reduction Fee Fund for all positions with that classification have been combined.

Title	MO Air Emission Reduction Fund FTE	MO Air Emission Reduction Fund Amount
Administrative Support Assistant	0.4523	\$21,852
Lead Administrative Support Assistant	0.565	\$29,683
Administrative Support Professional	0.31	\$20,861
Administrative Manager	0.15	\$15,317
Senior Program Specialist	0.15	\$11,068
Associate Research/Data Analyst	0.125	\$7,739
Associate Engineer	0.66	\$57,046
Professional Engineer	0.99	\$92,992
Engineer Supervisor	0.33	\$36,608
Environmental Program Analyst	0.83	\$61,244
Environmental Program Specialist	0.455	\$39,327
Environmental Program Supervisor	0.125	\$11,741
Environmental Program Manager	0.9098	\$100,927
Total	6.0521	\$506,405

The salary for the 6.0521 FTE spread across these 26 positions is: \$506,405

If DNR assumes 33 percent (2/6.0521) of these positions would be eliminated, the combined salary of the two (2) positions the department estimates would need to be eliminated is: $(0.33 \times 506,405 = \text{approximately } 167,114)$. The actual 2 FTE that would be eliminated are not known at this time.

Therefore, total salary savings from eliminated positions (not including fringe and indirect) would be:

50-100% funded positions combined salary: \$716,047

Combined Salary from 2 FTE positions in Jefferson City eliminated: \$167,114

Total salary savings: $\$716,047 + 167,114 = \$883,161$

Summary of Fiscal Impact:

Lost Fee Revenue for Air Emission Reduction Fund:

FY 2027 = \$1,576,679

FY 2028 = \$1,892,015

FY 2029 = \$1,892,015

Fund Savings for Lost Positions - Salary Expenses (These amounts do not include expense and equipment, fringe, and indirect)

FY 2027 = \$735,968 $(\$716,047 + 167,114 = \$883,161) \times (10/12) = \text{approximately } \$735,968)$

FY 2028 = \$883,161 $(\$716,047 + 167,114 = \$883,161)$

FY 2029 = \$883,161 (\$716,047+167,114 = \$883,161)

Note: In FY 2027, ten twelfths (10/12) of the Personal Service, Expenses, and Fringe were adjusted off as only 10 months of these expenses would realize a cost savings during that fiscal year. In all three years, the fiscal note includes savings from the additional 2 FTE to be eliminated, which the classifications are unknown (note: this does not include fringe or indirect for these 2 FTE; however, their expenditures are included on the expenditure portion of the fund summary).

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DNR.

Oversight notes there was a balance of \$1,904,641 in the Missouri Air Emission Reduction Fund (1267) as of January 31, 2026.

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact

To implement the proposed changes, the Department of Revenue would be required to:

- Update current procedures, correspondence letters, and information on website
- Update training manuals
- Provide training to current employees
- Send communications to stakeholders as applicable
- If enforced with the introduction of FUSION, no systems adjustment required

FY 2027 – Systems Analysis & Support

Associate Research/Data Analyst 246 hrs. @ \$31.16/hr. =\$7,665

Research/Data Analyst 62 hrs. @ \$37.14/hr. =\$2,303

Administrative Manager 31 hrs. @ \$51.40/hr. =\$1,593

FY 2027 – Strategy & Communications Office

Associate Research/Data Analyst 40 hrs. @ \$31.16/hr. =\$1,246

Research/Data Analyst 40 hrs. @ \$37.14/hr. =\$1,486

Total = \$14,293

The Department anticipates that they will be able to absorb these costs and that there will be minimal impact. If multiple bills are passed that require Department resources, FTE may be requested through the appropriations process.

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

FUSION Impact

DOR notes the fiscal impact estimated is based on changes in the current Department's Motor Vehicle system environment. The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the general assembly in 2020 (Senate Bill 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

80 hours of development and 80 hours of testing
Total: 160 hours @ \$225/hr. = **\$36,000**

Development includes:

- Disable the emissions requirement for registrations going forward including renewals and brand-new registrations as of January 2028. This would include all sources such as paper, license office applications, and eservices (this includes dealer transactions on eServices checking for emissions inspections)
- Update all emission related messaging on letters, postcards, eservices

DOR notes OA-ITSD services will be required at a cost of **\$68,811** in FY 2027 (655.34 hours x \$105 per hour).

Oversight does not have information to the contrary and therefore, Oversight will reflect the FUSION and OA-ITSD estimates as provided by DOR.

Officials from the **Missouri Highway Patrol (MHP)** state currently, the Patrol partners with the DNR to administer the Emission Program at inspection stations in the non-attainment areas. In addition to emissions testing, these stations also perform motor vehicle safety inspections. As this is a cooperative funding effort between the Patrol and the DNR, the proposed legislation would impact the funding mechanism for personnel and equipment with the Patrol.

One vehicle is funded by DNR and would need to be replaced utilizing the Highway Fund (1644). Additionally, Motor Vehicle Inspectors for the Patrol are reimbursed for the use of personally owned vehicles in the performance of their duties traveling between inspection stations. This funding is currently split between DNR and the Patrol. Subsequently, this cost would be absorbed solely by the Patrol as these stations would offer only motor vehicle safety inspections.

Currently, the forms and stickers are provided by the contractor for emissions serving as verification and completion of both the emissions testing and the safety inspection. These items

are currently paid by DNR appropriations. With the removal of the emissions testing requirement, the Patrol will need to purchase safety inspection stickers and approval certificates in the non-attainment areas. For calculation purposes, the non-attainment area accounts for an estimated 600,000 safety inspections annually.

600,000 x \$.05 = \$30,000 for annual safety inspection sticker inventory

600,000 x \$.13 = \$78,000 for annual approval certificates

3,000 sticker packages x \$4.00 = \$12,000 for annual budget for shipping of stickers

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by MHP.

Officials from the **Missouri Department of Transportation (MoDOT)** state the requirement for vehicle emissions inspections is a control measure, cited in the Missouri DNR State Implementation Plan (SIP), to reduce pollution. If this exception is established and vehicle emissions testing is not met according to federal regulations, the SIP would have to be amended to remove this control measure. In order to stay within federal compliance with the Clean Air Act, some other pollution control mechanism would need to replace it. If pollution control goals are impeded, MoDOT could face the possibility of having discretionary funding prescribed for projects that have pollution reduction benefits sometime in the future, or even withheld completely. The redirection of federal funding to pollution reduction could affect other MoDOT projects, therefore, creating an unknown negative fiscal impact on MoDOT's program delivery program.

According to MoDOT's 2025 Financial Snapshot, the state received nearly \$1.5 billion in federal revenues. At the discretion of the U.S. Environmental Protection Agency, up to all federal highway funding could be redirected or restricted, not just the federal dollars spent in the non-attainment area of the state.

Oversight does not have information to the contrary and therefore, Oversight will reflect a fiscal impact of \$0 (federal funding is not withheld) to a loss of up to \$1,435,105,000 beginning in FY 2028.

For fiscal note purposes, Oversight will reflect the estimates provided by the above agencies beginning in FY 2027 as DNR has indicated they would not have the authority necessary to continue the Air Emission Inspection Program.

Officials from the **Office of the State Courts Administrator** and **Office of the State Public Defender** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, county commissioners were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DOR (§§32.300 – 643.355) FUSION p.7</u>	(\$36,000)	\$0	\$0
<u>Cost – DOR (§§32.300 – 643.355) OA-ITSD p.7</u>	(\$68,811)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$104,811)</u>	<u>\$0</u>	<u>\$0</u>
AIR EMISSION REDUCTION FUND (1267)			
<u>Savings – DNR (§§32.300 – 643.355) Elimination of staff funded by the Air Emission Reduction Fund p.3-6</u>			
Personal Service	\$735,968	\$897,482	\$912,089
Fringe Benefits	\$359,336	\$439,828	\$448,624
Expense and Equipment	\$41,378	\$50,647	\$51,660
<u>Total Costs – DNR</u>	<u>\$1,136,682</u>	<u>\$1,387,957</u>	<u>\$1,412,373</u>
FTE Change – DNR	(11 FTE)	(11 FTE)	(11 FTE)
<u>Revenue Loss – DNR (§§32.300 – 643.355) Repeal of Air Emission Inspection Program p.3-6</u>	<u>(\$1,576,679)</u>	<u>(\$1,892,015)</u>	<u>(\$1,892,015)</u>
ESTIMATED NET EFFECT ON THE AIR EMISSION REDUCTION FUND (1267)	<u>(\$439,997)</u>	<u>(\$504,058)</u>	<u>(\$479,642)</u>
Net Estimated FTE Change to the Air Emission Reduction Fund	(11 FTE)	(11 FTE)	(11 FTE)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
HIGHWAY FUND (1644)			
<u>Cost – MHP (§§32.300 – 643.355)</u> Shipping of stickers p.8	(\$10,000)	(\$12,000)	(\$12,000)
<u>Cost – MHP (§§32.300 – 643.355)</u> Approval certificates p.8	(\$65,000)	(\$78,000)	(\$78,000)
<u>Cost – MHP (§§32.300 – 643.355)</u> Inspection stickers p.8	(\$25,000)	(\$30,000)	(\$30,000)
<u>Cost – MHP (§§32.300 – 643.355)</u> Vehicle p.8	(\$43,250)	\$0	\$0
<u>Cost – MHP (§§32.300 – 643.355)</u> Mileage reimbursement p.8	(\$33,333)	(\$40,000)	(\$40,000)
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>(\$176,583)</u>	<u>(\$160,000)</u>	<u>(\$160,000)</u>
FEDERAL HIGHWAY FUNDS			
<u>Revenue Loss – MoDOT (§§32.300 – 643.355) Federal funding withheld for compliance p.8</u>	\$0	\$0 or Up to (\$1,435,105,000)	\$0 or Up to (\$1,435,105,000)
ESTIMATED NET EFFECT ON FEDERAL HIGHWAY FUNDS	<u>\$0</u>	<u>\$0 or Up to (\$1,435,105,000)</u>	<u>\$0 or Up to (\$1,435,105,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Emissions inspection stations will be impacted as a result of this proposal.

FISCAL DESCRIPTION

This bill requires the Air Conservation Commission to terminate by January 1, 2028, the operation of any motor vehicle emissions inspection program currently established under statute.

This legislation is federally mandated by the Clean Air Act, Title 42, Chapter 85, USC, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Revenue
Missouri Department of Transportation
Office of the State Courts Administrator
Office of the State Public Defender
Missouri Highway Patrol



Julie Morff
Director
February 16, 2026



Jessica Harris
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