

Department of Planning and Budget 2012 Fiscal Impact Statement

1. **Bill Number:** HB805

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** May

3. **Committee:** Passed Both Houses

4. **Title:** Emissions inspections.

5. **Summary:** The bill updates authorized testing equipment permissible for emissions inspections, allows use of wireless systems for these inspections, authorizes the Department of Environmental Quality (DEQ) to designate an inspection program coordinator, and permits on-road emissions testing.

The bill establishes benchmarks for gradual permit of an on-road clean screen program in the Northern Virginia Inspection/Maintenance area. Starting in FY 2013, up to 10 percent of motor vehicles eligible for emissions inspection may use an on-road clean screen program; this amount increases to 20 percent in FY 2014 and to 30 percent starting in FY 2015 and beyond. The bill authorizes the State Air Pollution Control Board to reduce the percentage of vehicles eligible as is necessary to meet federal Clean Air Act requirements. The bill authorized the on-road emissions inspector performing emissions inspections to charge each motor vehicle owner an amount not to exceed \$28.00 for each emissions inspection. Of this amount, \$4.50 is to be appropriated to the state Highway Maintenance and Operating Fund.

The bill also authorizes DEQ to designate an inspection program coordinator for inspection programs other than the on-road clean screen program or those inspections that utilize remote sensing. The bill provides that the program coordinator is to be paid by DEQ and supplemented by up to \$3,500 per year from each inspection station for each set of required equipment provided for and maintained by the program coordinator. Payment from DEQ is to come from the Vehicle Emissions Inspection Program Fund. The bill provides that any remaining monies in the Vehicle Emissions Inspection Program Fund are to be remitted on an annual basis to the Northern Virginia Transportation District for use for transportation maintenance projects in the respective locality in which funds were generated are to be remitted for use.

Additionally, the bill provides for adjustments of the cost limitations on repairs to motor vehicles with actual gross weights of 8,500 pounds or less subject to basic emissions inspections as annually adjusted by the Consumer Price Index; currently this price adjustment is only permitted for vehicles with actual gross weights of 10,000 pounds or less.

Finally, the bill contains seven enactment clauses:

1. Requires DEQ to gather a stakeholder group to make recommendations on specific requirements for a program coordinator to manage an emissions inspection and maintenance program. DEQ is to report the recommendation to the Chairmen of the House and Senate Transportation Committees by November 1, 2012;
2. Delays the effective date of the bill's provisions regarding a program coordinator until July 1, 2013;
3. Requires the State Air Pollution Control Board to promulgate emergency regulations regarding the on-road clean screen provisions of the bill;
4. Requires on-road emissions inspectors to reimburse DEQ and the Department of Motor Vehicles (DMV) for all costs incurred as a result of the on-road clean screen program;
5. Requires DEQ to make its best efforts to obtain proposals from multiple vendors to operate the on-road clean screen program;
6. Requires DMV to confer with DEQ to implement procedures to ensure the accuracy of the data in DMV's vehicle registration records used to determine whether a vehicle is subject to emissions inspection requirements; and
7. Requires amounts appropriated to the Highway Maintenance and Operating Fund are expended in the transportation district in which they were generated.

6. Budget Amendment Necessary: Yes, Item 447.

7. Fiscal Impact Estimates: Final.

7a. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2012	\$0	n/a
2013	\$344,088	Highway Maintenance and Operating Fund
2014	\$688,175	Highway Maintenance and Operating Fund
2015	\$1,032,262	Highway Maintenance and Operating Fund
2016	\$1,032,262	Highway Maintenance and Operating Fund
2017	\$1,032,262	Highway Maintenance and Operating Fund
2018	\$1,032,262	Highway Maintenance and Operating Fund

8. Fiscal Implications: This bill privatizes services now provided by DEQ related to vehicle emissions inspections by authorizing the operation of an on-road clean screen program for the purpose of meeting emissions inspection requirements. As provided by the bill, the allowance of this program would result in changes to current processes used by DEQ and DMV.

Vehicle owners in the Northern Virginia Inspection/Maintenance area would be permitted to use an on-road clean screen program in lieu of going to an emissions inspection station for the required biennial emissions inspection. The bill provides that no more than 10 percent of vehicles in this area are eligible for the clean screen program in FY 2013; no more than 20 percent of vehicles in this area are eligible for the clean screen program in FY 2014; and no more than 30 percent of vehicles in this area are eligible for the clean screen program starting in FY 2015 and continuing thereafter.

According to the bill, on-road emissions inspectors may charge up to \$28.00 for each emissions inspection; this is the same price as what is currently charged for a biennial station emissions inspection. Of the maximum \$28.00 fee, the bill directs \$4.50 for transfer to the state Highway Maintenance and Operating Fund (the Fund). According to DEQ, 764,639 vehicles were subject to this type of test in 2011. Using this figure, and assuming the maximum number of on-road clean screen inspections established by the bill are completed, this bill may result in up to \$344,088, \$688,175, and \$1,032,262 of potential revenue generated and transferred to the Fund for FY 2013, FY 2014, and FY 2015 beyond, respectively.

This bill also authorizes the Director of DEQ to enter into an agreement to designate a program coordinator to provide and maintain testing equipment at inspection stations for the purpose of meeting emissions inspections requirements. The program coordinator would not have purview over remote sensing or clean screen programs. The bill directs DEQ to determine the services to be provided by the program coordinator and the amount to be paid to the program coordinator. The bill also authorizes the program coordinator to charge each inspection station up to \$3,500 per year, per set of equipment. This position is not anticipated to require additional appropriation for DEQ as the bill provides that monies to support the position are to come from balances in the Vehicle Emissions Inspection Program Fund.

In accordance with § 46.2-1182.1, DEQ currently receives a \$2.00 fee per vehicle per year from the owners of vehicles that are subject to the emissions program (state and local government vehicles are exempt from this fee). These monies are deposited into the Vehicle Emissions Inspection Program Fund. According to current law, monies in the fund are available for the purpose of long-term maintenance of air quality and the correction and prevention of nonattainment status for National Ambient Air Quality Standards through air quality programs. The bill provides that any remaining funds be remitted on an annual basis to the Northern Virginia Transportation District for use for transportation maintenance projects in the respective locality in which funds were generated. The amount of monies remaining on an annual basis, if any, is indeterminable at this time.

Overall, this bill may result in additional workload for DEQ due to an anticipated increase in the number of high emitter vehicles identified. This may result in DEQ having additional oversight, auditing and data analysis costs, which would likely require an increase in staffing. However, at this time, the increased amount of oversight required by DEQ is unknown. In addition, DEQ currently has a contract to conduct remote sensing on a limited scale for which the cost and scope may change depending on the additional data requirements and other factors resulting from this bill. However, no additional funding is required as a result of anticipated agency cost increases as the bill requires on-road emission inspectors to reimburse DEQ for all administrative costs related to the on-road clean screen program. Any associated changes to the agency's nongeneral fund appropriation resulting from this bill may be made administratively, as needed.

As provided by the bill, DMV would be required to confer with DEQ to recommend and implement procedures to ensure that data in DMV's vehicle registration records is accurate where that data is used to determine whether a vehicle is subject to emissions inspection requirements. Similar to DEQ, the bill provides that the on-road emissions inspectors

reimburse DMV for any costs the agency incurred as a result of the on-road clean screen program. As such, DMV does not anticipate needing additional funds as a result of this bill.

9. Specific Agency or Political Subdivisions Affected: Department of Environmental Quality, Department of Motor Vehicles.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to the substitute version of SB502 (SB502S1).

Date: 2/22/2012