



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 10-0271
Prime Sponsor(s): Sen. Renfroe
 Rep. Vaad

Date: February 8, 2010
Bill Status: Senate SVMA
Fiscal Analyst: Sara McPhee (303-866-4782)

TITLE: CONCERNING THE AUTOMOBILE INSPECTION AND READJUSTMENT PROGRAM, AND, IN CONNECTION THEREWITH, REPEALING THE SUBSTANTIVE CHANGES EFFECTED BY SENATE BILL 09-003 BY MOVING WELD AND LARIMER COUNTIES FROM THE ENHANCED EMISSIONS PROGRAM BACK TO THE BASIC EMISSIONS PROGRAM, REINSTATING THE GEOGRAPHICAL BOUNDARIES OF THE PROGRAM AREA TO THE SPECIFICATIONS THAT EXISTED PRIOR TO THE PASSAGE OF SENATE BILL 09-003, AND RESTORING CRITERIA USED TO DETERMINE WHICH MOTOR VEHICLES QUALIFY AS COLLECTOR'S ITEMS.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011	FY 2011-2012
State Revenue			
Cash Funds			
Highway Users Tax Fund - AIR Account		(\$126,385)	(\$137,875)
State Expenditures			
Cash Funds			
Highway Users Tax Fund - CSTAR Account	\$1,569		
Highway Users Tax Fund - AIR Account		(\$184,200)	(\$184,200)
FTE Position Change		(3.0) FTE	(3.0) FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2010-2011: See State Appropriations section.			
Local Government Impact: See Local Government Impact section.			

Summary of Legislation

This bill repeals the substantive provisions of SB 09-003, including the following:

- moves Weld and Larimer county from the enhanced emissions program to the basic motor vehicle emissions program;
- changes the definition of a collector's item for the purposes of motor vehicle registration and emission testing to a vehicle that is at least 25 years old;

- removes the provision that enables the Air Quality Control Commission (AQCC) to review the boundaries of the enhanced emissions program area;
- allows collector's items of model year 1970 and earlier to be registered without an emissions certification under certain circumstances; and
- eliminates the requirement that any revisions to the Automobile Inspection and Readjustment Program area is to be submitted to the federal environmental protection agency (EPA).

Background

Automobile Inspection and Readjustment (AIR) Program. The program is designed to reduce air pollutants through the regular inspection and repair of high polluting vehicles. Vehicles registered in the current inspection area must meet established criteria for emissions of carbon monoxide, nitrogen oxides, and hydrocarbons. To ensure compliance with these standards, vehicles are required to undergo periodic emissions testing at the time their registration is renewed. Vehicles that fail the tests must be repaired and pass a retest before registration may be renewed.

State Revenue

Cash funds revenue is expected to decrease by \$126,835 in FY 2010-11 and \$137,875 in FY 2011-12. The revenue reduction is from fees that would have been credited to the Highway Users Tax Fund (HUTF) - AIR Account as shown in Table 1.

Table 1. Fee Reduction from SB 10-095				
Type of Fee	Current Fee	Number Affected	Fee Impact FY 2010-11	Fee Impact FY 2011-12
AIR Emission Fee - Expanded Area	\$1.50	(86,000)	(\$118,250)	(\$129,000)
AIR Inspection Fee - Expanded Area	\$0.25	(35,500)	(8,135)	(8,875)
TOTAL			(\$126,385)	(\$137,875)

AIR Emission Fee. Owners of a vehicle in the enhanced emission program area pay a fee of \$2.20 as a part of annual registration. Of the total, \$0.70 remains with the county, and \$1.50 is credited to the HUTF - AIR account to support the program. Approximately 86,000 vehicles are expected to be exempt from paying the fee beginning August 1, 2010.

AIR Inspection Fee. When vehicles have an emissions test, a fee of \$0.25 is remitted to the state and credited to the HUTF - AIR account to support administrative costs of the program. The test is good for two years for most vehicles and new cars are exempt for four years. The fiscal note estimates that about 35,500 vehicles will be exempt each year from the emissions test and paying the fee beginning August 1, 2010.

State Expenditures

The bill increases costs for the Department of Revenue (DOR) by \$1,569 for implementation costs in FY 2009-10; however, the overall effect of the bill is to reduce costs. Expenditures are expected to decrease by \$184,200 and 3.0 FTE beginning in FY 2010-11. Expenditure reductions will occur in both the Department of Public Health and Environment (DPHE) and the DOR as described below and shown in Table 2.

Table 2. Expenditures Under SB 10-095			
Cost Components	FY 2009-10	FY 2010-11	FY 2011-12
Personal Services		(\$175,690)	(\$175,690)
FTE		(3.0)	(3.0)
Operating Expenses		(\$8,510)	(\$8,510)
CSTARS Programming	\$1,569		
TOTAL	\$1,569	(\$184,200)	(\$184,200)

Department of Public Health and Environment. Expenditures in the DPHE will decrease by \$119,026 and 2.0 FTE beginning in FY 2010-11. The DPHE was appropriated this staff due to the change in the definition of collector's item and the expansion of the enhanced emissions program. These changes required staff to conduct diagnostic exams on vehicles that failed the emission test and to expand technical services to Weld and Larimer Counties.

Department of Revenue. In FY 2009-10, the bill increases costs for the DOR by \$1,569. This cost is for 40 hours of programming time to update CSTARS to reflect removing Larimer and Weld counties from the enhanced emissions program. Expenditures in the DOR will decrease by \$65,173 and 1.0 FTE beginning in FY 2010-11. The DOR was appropriated this staff to perform licensing and auditing functions for the enhanced emissions program expansion to Larimer and Weld counties.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under SB 10-095*		
Cost Components	FY 2010-11	FY 2011-12
Employee Insurance (Health, Life, Dental, and Short-term Disability)	(\$21,300)	(\$21,300)
Supplemental Employee Retirement Payments	(6,534)	(7,950)
TOTAL	(\$27,834)	(\$29,250)

*More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>

Local Government Impact

County clerks retain \$0.70 for each vehicle registered in the enhanced emissions program area. Larimer and Weld counties will have a revenue reduction of \$55,183 in FY 2010-11 and \$60,200 in FY 2011-12.

State Appropriations

For FY 2009-10, the Department of Revenue requires an appropriation of \$1,569 from the Highway Users Tax Fund - CSTAR Account.

For FY 2010-11, the following reductions in appropriations are required from the Highway Users Tax Fund - AIR Account:

- (\$119,026) and (2.0) FTE for the Department of Public Health and Environment; and
- (\$65,173) and (1.0) FTE for the Department of Revenue.

Departments Contacted

Public Health and Environment

Revenue