



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

Drafting Number: LLS 11-0577
Prime Sponsor(s): Rep. Vaad
 Sen. Renfroe

Date: February 1, 2011
Bill Status: House Health and Environment
Fiscal Analyst: Jonathan Senft (303-866-3523)

TITLE: CONCERNING A REQUIREMENT THAT OZONE LEVELS IN CERTAIN COUNTIES EXCEED A SPECIFIED THRESHOLD IN ORDER FOR THE AIR QUALITY CONTROL COMMISSION IN THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT TO INCLUDE THOSE COUNTIES IN THE AUTOMOBILE INSPECTION AND READJUSTMENT PROGRAM.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
General Fund		
Cash Funds		
HUTF AIR Cash Funds	(\$681,710)	(\$681,710)
State Expenditures		
General Fund		
Cash Funds		
HUTF AIR Cash Funds	(\$275,664)	(\$275,664)
FTE Position Change	(4.8 FTE)	(4.8 FTE)
Effective Date: July 1, 2011.		
Appropriation Summary for FY 2011-2012: None.		
Local Government Impact: See Local Government Section.		

Summary of Legislation

This bill removes residents of Larimer and Weld counties living in an inspection area from vehicle emissions testing as part of the Automobile Inspection and Readjustment (AIR) program. If test stations from either county exceed a given threshold of ozone over a period of time, residents within the area will be placed back into the emissions testing program.

This fiscal note assumes that test stations within the counties remain at or below the statutory threshold and remain exempt from the program. Beginning in FY 2013-14, if these test stations exceed the threshold, based on a three-year average, residents within the inspection area will lose this exemption.

Background

The AIR program is designed to reduce air pollutants through the regular inspection and repair of high polluting vehicles. Vehicles registered in the inspection area must meet established criteria for emissions of carbon monoxide, nitrogen oxides and hydrocarbons. To ensure attainment within 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. The AIR Program was expanded to screen vehicles from areas within Larimer and Weld Counties in November 2010 in order to address violations of national ground-level ozone standards in Denver and the northern Front Range.

State Revenue

In both FY 2011-12 and FY 2012-13, this bill reduces state revenue from fees by (\$681,710) to the Department of Revenue (DoR) and Colorado Department of Public Health and Environment (CDPHE). This state revenue reduction is displayed in Table 1 and discussed below.

Table 1. Reduced State Revenue Under HB 11-1082			
Type of Fee	Current Fee	Number Affected	Fee Impact FY 2010-11
State Fee - Air Account (DoR)	\$1.00	420,315	(\$420,315)
Passing vehicle fee - Air Account (DoR)	\$.25	194,547	(48,637)
Exempt Stickers for Dealers - Air Account (DoR)	\$.25	10,400	(2,600)
State Fee - Air Account (CDPHE)	\$.50	420,315	(210,157)
Total			(\$681,710)

AIR Inspection Fee. Vehicle owners in the emission program area pay a fee of \$2.20 as part of annual registration. \$1.00 is credited to the DoR HUTF-AIR Cash Fund, and \$0.50 is credited to CDPHE HUTF-AIR Cash Fund. The remaining \$0.70 is allocated to the county.

Emission-Exempt Stickers. Revenue is collected from new car dealers in the inspection area for emission-exempt stickers, which is distributed to the DoR HUTF-AIR Cash Fund. The amount received for exempt stickers is \$0.25 each. An estimated 10,400 new vehicles sales occur in the inspection area annually.

State Expenditures

In both FY 2011-12 and FY 2012-13, expenditures are expected to decrease by (\$275,664) and 4.8 FTE. Reduced expenditures are anticipated in both the DoR and the CDPHE as described below.

Table 2. Reduced Expenditures Under HB 11-1082		
Cost Components	FY 2011-12	FY 2012-13
Personal Services (DoR) 2.0 FTE	(\$116,403)	(\$116,403)
Personal Services (CDPHE) 2.8 FTE	(159,261)	(159,261)
Total	(\$275,664)	(\$275,664)

Department of Revenue (DoR). The department performs licensing and auditing functions for testing facilities, mechanics, and inspectors for the emissions program in Larimer and Weld counties. Exempting these vehicle owners is expected to reduce the department workforce by 2.8 FTE who perform these functions.

Colorado Department of Public Health and Environment (DPHE). Currently, when private sector mechanics are unable to identify the problem on a vehicle, department staff assist owners by conducting diagnostic exams in order to pinpoint the cause of excess emissions and help determine an appropriate course of repair. Exempting these vehicle owners is estimated to reduce workforce needs in the CDPHE by (\$159,261) and (2.8 FTE).

Local Government Impact

In both FY 2011-12 and FY 2012-13, revenue in Larimer and Weld counties is expected to decrease by \$294,220. County clerks retain \$0.70 for each vehicle registered in the enhanced emissions program area.

Table 3. Reduced Local Revenue Under HB 11-1082			
Type of Fee	Current Fee	Number Affected	Fee Impact FY 2010-11
County Air Emission Fee - Local Government	\$.70	420,315	(\$294,220)

State Appropriations

In FY 2011-2012, appropriations should be adjusted as follows:

- Reduce the HUTF-AIR Cash Fund to the DoR by \$116,403 and 2.0 FTE, and
- Reduce the HUTF-AIR Cash Fund to the CDPHE by \$159,261 and 2.8 FTE.

Departments Contacted

Public Health and Environment

Revenue