

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0921 **Date:** April 22, 2013
Prime Sponsor(s): Sen. King; Tochtrop **Bill Status:** Senate Transportation
 Rep. Ryden **Fiscal Analyst:** Jonathan Senft (303-866-3523)

TITLE: CONCERNING EXEMPTIONS FROM THE MOTOR VEHICLE EMISSIONS INSPECTION PROGRAM.

Fiscal Impact Summary	FY 2013-14	FY 2014-15
State Revenue		
Cash Funds		
HUTF - AIR Account (CDPHE)	(\$31,625)	(\$31,624)
HUTF - AIR Account (DOR)	(\$31,624)	(\$31,625)
State Expenditures		
Cash Funds		
HUTF - CSTARS Account	\$604	
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill, *as recommended by the Legislative Audit Committee*, extends the time period in which newer vehicles are exempted from emissions testing. Under current law, vehicles with a model year under 4 years old are exempted. This bill allows the Air Quality Control Commission (AQCC) to create rules to exempt vehicles with a model year under 7 years old. This bill only applies to vehicles registering for the first time; it does not apply to vehicles currently registered in the enhanced emissions program.

This bill advances by 1 year the implementation of a rule promulgated in December 2012 that exempts vehicles with a model year under 7 years old, beginning January 1, 2015. This bill also allows rules to be created for the use of on-board diagnostic testing equipment. The rules anticipated from this bill, for both exemption and onboard testing, must be in place on or before January 1, 2014.

Background

In December 2012, the AQCC adopted rule 5 CCR 1001-13-A.I.C.3.c, which exempts vehicles with a model year under seven years old from emissions testing. This rule is scheduled to take effect on January 1, 2015. Because this rule is anticipated to be implemented in 2015, the rules created within this bill will affect vehicles tested in calendar year 2014 only.

State Revenue

By moving up the expansion of vehicles that are exempted from emissions testing requirements, this bill will reduce state revenue from fees by \$63,249 in each of FY 2013-14 and FY 2014-15. The Department of Revenue (DOR) and the Department of Public Health and Environment (CDPHE) each collect a fee of \$0.25 for each vehicle that passes an emissions test. The estimated revenue loss is based off the exemption of 252,993 vehicles within model years 4 through 6. This estimate is from historical data showing the number of vehicles that passed an emissions test each year, by model year. Because the rules anticipated by this bill take effect on January 1, 2014, the revenue loss is divided between FY 2013-14 and FY 2014-15.

State Expenditures

For FY 2013-14, this bill increases cash fund expenditures by \$604 within the DOR. The DOR requires reprogramming of its emissions testing software. This bill also expedites the rule change for exemptions to occur one year earlier than anticipated. The costs of this expedited rule change does not require additional appropriations.

Local Government Impact

County clerks retain \$0.70 for each vehicle that passes an emissions test. Therefore it is expected that counties will lose \$88,547 in each of FY 2013-14 and FY 2014-15.

State Appropriations

In FY 2013-14, this bill requires an appropriation of \$604 from the HUTF - CSTARS Account within the Department of Revenue. This amount should be reappropriated to the Governor's Office of Information Technology.

Departments Contacted

Law

Public Health and Environment

Revenue