

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

Drafting Number: LLS 04-0133
Prime Sponsor(s): Rep. Ragsdale

Date: December 31, 2003
Bill Status: House Transportation & Energy
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TITLE: CONCERNING THE EXPIRATION DATE OF CERTIFICATES OF EMISSIONS CONTROL FOR NEW DIESEL VEHICLES.

Fiscal Impact Summary	FY 2004/2005	FY 2005/2006
State Revenues		
General Fund		
Cash Fund - HUTF/AIR Account	(\$1,980)	(\$2,020)
State Expenditures		
General Fund		
Cash Fund Exempt - HUTF/CSTRS Account	\$2,435	
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: TABOR Impact		
Effective Date: July 1, 2004		
Appropriation Summary for FY 2004/2005: Dept. of Revenue - \$2,435 - HUTF/CSTRS Account *		
Local Government Impact: Minimal cost savings to local governments that operate diesel vehicles		

* This appropriation may also be included in the FY 2004-05 Long Bill.

Summary of Legislation

Under current law, new diesel vehicles are exempt from emission testing requirements. Light duty diesel vehicles are exempt for the first two model years, while heavy duty diesel vehicles are exempt for the first four model years. However, any vehicle sold within the exempt period must be tested. This bill expands the exemption to include vehicles that are sold prior to 12 months before the new-vehicle exemption expires. This will affect light-duty vehicles resold within one year of their initial sale and heavy-duty diesel vehicles resold in their first three years of service. The emissions testing program only applies to vehicles registered or routinely operated in the contiguous ten-county Front Range area.

State Revenues

Diesel emissions inspection stations must impose a \$5 fee on each test they conduct to cover the costs of the Department of Public Health and Environment and the Department of Revenue related in administering the AIR program. This fee, which is set by the Air Quality Control Commission, is paid by owners of private non-fleet diesel vehicles at the time the vehicle is tested. Owners of other diesel vehicles (RTD buses; state, county, and municipal vehicles; and private diesel

fleets of nine or more vehicles) participate in the inspection program through self-verification inspection procedures and are not subject to the fee.

By expanding the exemption for new vehicles, the bill will affect an estimated 396 vehicles in FY 2004-05, reducing state revenue from fees imposed for emissions inspections of diesel vehicles by roughly \$2,000 annually. The FY 2004-05 impact is estimated at \$1,980. Assuming two percent growth in the number of vehicles each year, the revenue loss will total \$2,020 in FY 2005-06. By reducing state revenues, this bill will reduce the amount of any potential future state refunds under TABOR.

State Expenditures

The Department of Revenue would be required to modify the motor vehicle registration system to account for the new cycle of emission tests for diesel vehicles. This includes both modifications to the current system, as well as modifications to a new system being developed. Departmental staff will be responsible for modifying the current system, while contract programmers will modify the new system under a change order. Modifications to the current system will require an estimated 24 hours of computer programming, at a cost of \$1,056. Modifications to the new system are estimated to require 8 hours at a cost of \$1,379. Together, these costs total \$2,435 and would be paid from the Colorado State Titling and Registration System (CSTRS) account in the HUTF in FY 2004-05.

It should be noted that the computer programming resources identified to implement the bill may also be included in the FY 2004-05 Long Bill appropriation to the Department of Revenue. If these resources are provided, no further appropriation for computer programming will be required to implement the bill.

Local Government Impact

Counties and municipalities that operate diesel vehicles in the program area are responsible for inspecting and certifying such vehicles. By reducing the frequency of such inspections, the bill will reduce the costs of these local governments. These cost savings have not been estimated, but are expected to be minimal.

State Appropriations

For FY 2004-05, the Department of Revenue would require a cash fund exempt appropriation of \$2,435 from the Colorado State Titling and Registration Account in the Highway Users Tax Fund. However, if these moneys are provided in the Long Bill, no additional appropriation is required.

Departments Contacted

Public Health and Environment Revenue