

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 13-0459  
**Prime Sponsor(s):** Sen. Renfroe  
 Rep. Buck

**Date:** February 13, 2013  
**Bill Status:** Senate Transportation  
**Fiscal Analyst:** Jonathan Senft (303-866-3523)

**TITLE:** CONCERNING MOTOR VEHICLE EMISSIONS INSPECTIONS.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2015-16</b>
<b>State Revenue</b>			
Cash Funds	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$100,000)</u>
HUTF AIR Account (DOR)	(\$100,000)	(\$100,000)	(\$50,000)
HUTF AIR Account (CDPHE)	(\$100,000)	(\$100,000)	(\$50,000)
<b>State Expenditures</b>			
Cash Funds			
CSTARS Account	\$72,213		
<b>FTE Position Change</b>			
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.			
<b>Appropriation Summary for FY 2013-2014:</b> See State Appropriations section.			
<b>Local Government Impact:</b> See Local Government Impact section.			

**Summary of Legislation**

This bill makes certain vehicles exempt from emissions testing requirements. First, it extends the time period in which newer vehicles are exempt, from model years under four years old to model years under ten years old, as long as the vehicles are registering for the first time or have never failed an inspection. Second, it extends the same time-period exemption to vehicles owned by a government agency or a dealer. Finally, it allows persons 65 years or older to register one vehicle without an emissions inspection.

**State Revenue**

By expanding the pool of vehicles that are exempt from emissions testing requirements, this bill will reduce state revenue from fees. The reduction is approximately **\$200,000 per year in FY 2013-14 and FY 2014-15, and approximately \$100,000 per year thereafter**. The Departments of Public Health and Environment (CDPHE) and Revenue (DOR) each collect a fee of 25 cents per vehicle that passes an emissions test, so the reduction is equally divided between the AIR Accounts within each agency.

This fiscal note assumes that approximately 400,000 vehicles will become exempt in the first two years, FY 2013-14 and FY 2014-15. This reduction is estimated from historical data showing the number of passing vehicles each year, by model year. Regulatory revisions of the Air Quality Control Commission (AQCC) will exempt vehicles seven years or newer starting in FY 2015-16, so the bill is expected to affect 200,000 vehicles per year beginning in FY 2015-16.

### **State Expenditures**

This bill will increase one-time state expenditures by **\$72,213 in FY 2013-14** within the DOR for computer programming changes to the Colorado State Titling and Registration System (CSTARS). This system does not currently capture date of birth information, nor does it include information on whether a vehicle has failed an emissions test. This amount will be reappropriated to the Governor's Office of Information Technology.

In addition, the four-year exemption is a provision in the State Implementation Plan (SIP). States prepare SIPs and submit them to Environmental Protection Agency for approval in order to meet specific requirements of the federal Clean Air Act, including the requirement to attain and maintain the National Ambient Air Quality Standards (NAAQS). These agreements are tied to federal grant money. Any changes to these agreements could result in a loss to these federal funds, although any renegotiation costs are expected to be absorbed within existing CDPHE appropriations.

It should be noted that, since this bill reduces revenue, expenditures will decrease proportionally from the AIR accounts within the DOR and CDPHE. These accounts fund the costs of administration and enforcement of the automobile inspection and readjustment program.

### **Local Government Impact**

In FY 2013-14 and FY 2014-15, local government revenue is expected to decrease by approximately \$280,000 per year. In 2015-16, this decrease in revenue is expected to be \$140,000. County clerks retain \$0.70 for each passing vehicle registered in the enhanced emissions areas.

### **State Appropriations**

In FY 2013-14, this bill requires an appropriation of \$72,213 to the CSTARS Account within the Department of Revenue. This amount should be reappropriated to the Governor's Office of Information Technology.

### **Departments Contacted**

Public Health and Environment

Revenue