

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0285-02
Bill No.: HB 113
Subject: Environmental Protection; Motor Vehicles
Type: Original
Date: March 15, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$82,861) to (Unknown)	(\$101,921)	(\$104,468)
Total Estimated Net Effect on General Revenue Fund	(\$82,861) to (Unknown)*	(\$101,921)	(\$104,468)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Natural Resources Protection Fund-Air Permit Fee Subaccount	(\$344,473)	(\$662,595)	(\$105,930)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$344,473)	(\$662,595)	(\$105,930)

* – Estimated to exceed \$100,000.
 Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Federal Funds	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Office of Administration - Division of Budget and Planning** and **Department of Economic Development** assume no fiscal impact to their agencies.

Officials with the **Department of Revenue (DOR)** assume this proposal suspends the emissions inspection program and indirectly affects the Driver and Vehicle Services Bureau (DVSB) in that currently renewal registration reminders all indicate that an emissions inspection is required, when applicable. This proposal will require revisions to procedures, forms, and the Department of Revenue website. DOR will incur costs for notifying the field of procedures changes. It is estimated to be \$530 (\$368 for procedures changes, \$11 for envelopes and \$151 for postage).

The Information Technology Bureau (ITB) will require 84 hours of overtime programming to modify the renewal pull program. Programming overtime costs will be approximately \$1,971.

Oversight assumes DOR could manage such costs with existing appropriations.

Officials with the **Department of Transportation (MoDOT)** assume this proposal would create little or no fiscal impact on their agency at this time. However, MoDOT notes that compliance

ASSUMPTION (continued)

with the Clean Air Act impacts all of MoDOT's funding and its ability to deliver improvements in the state transportation system. Therefore, if the St. Louis urban area is reclassified as a "serious" non-attainment area, federal highway funds could be jeopardized or sanctioned.

Officials with the **Department of Natural Resources (DNR)** assume that by ending the contract in place for vehicle emissions inspections prematurely, the state could encounter a liability to pay the contractor for the remainder of the contract. Approximately \$3 million would be lost in Natural Resources Protection Fund – Air Permit Fee Subaccount (NRPF–APF) revenue due to the elimination of emissions testing fees (\$871,500 in FY06, \$1.74 million in FY07, and \$290,500 in FY08),

The loss in revenue would force the department's Air Pollution Control Program (APCP) to decrease staff by 22 FTE's, which is funded by the 0267 fund. Such savings would total \$527,027 in FY06, \$1.08 million in FY07, and \$184,570 in FY08.

Officials with the **Attorney General's Office** assume this proposal would require significant revision of the State Implementation Plan for air quality attainment in the St. Louis area. Those individuals and businesses forced to reduce other sources of pollution to make up for the vehicle inspection and maintenance program would be likely to litigate extensively. AGO assumes assistance with rulemaking and the ensuing litigation would require one additional AAGIII and one Legal Secretary.

Failure to meet federal air quality standards would result in the loss of federal highway funding and other possible sanctions, including a prohibition or limitation of business expansion in the St. Louis area.

Oversight assumes that terminating the state's emissions testing program contract 1.66 years early could result in a liability for such a termination. The amount of such a cost could be negotiated, settled, or litigated. Therefore, **Oversight** assumes such a cost to be unknown, likely to exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost</u> - Department of Natural Resources			
Air Pollution Control Program -			
Contract Default	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>
<u>Cost</u> - Attorney General's Office			
Salaries	(\$58,083)	(\$71,443)	(\$73,229)
Fringe Benefits	<u>(\$24,778)</u>	<u>(\$30,478)</u>	<u>(\$31,239)</u>
Subtotal	(\$82,861)	(\$101,921)	(\$104,468)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$82,861) to (Unknown)*</u>	<u>(\$101,921)</u>	<u>(\$104,468)</u>
NATURAL RESOURCES PROTECTION FUND - AIR PERMIT FEE SUBACCOUNT			
<u>Cost</u> - Department of Natural Resources			
Vehicle Inspection Fee	<u>(\$871,500)</u>	<u>(\$1,743,000)</u>	<u>(\$290,500)</u>
<u>Savings</u> - Department of Natural Resources			
Salaries (22 FTE)	\$379,156	\$777,270	\$132,784
Fringe Benefits	<u>\$147,871</u>	<u>\$303,135</u>	<u>\$51,786</u>
Total Fund Savings	<u>\$527,027</u>	<u>\$1,080,405</u>	<u>\$184,570</u>
ESTIMATED NET EFFECT ON NATURAL RESOURCES PROTECTION FUND - AIR PERMIT FEE SUBACCOUNT	<u>(\$344,473)</u>	<u>(\$662,595)</u>	<u>(\$105,930)</u>
* – Estimated to exceed to \$100,000.			
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could potentially decrease the amount of emission repairs at local repair shops.

DESCRIPTION

This bill requires the Air Conservation Commission to suspend operation of any motor vehicle emissions inspection program established under the Air Quality Attainment Act by January 1, 2006.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Revenue
Department of Transportation
Attorney General's Office



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