



## Fiscal Estimate Narratives

DOT 2/10/2010

LRB Number	09-2844/3	Introduction Number	SB-505	Estimate Type	Original
<b>Description</b> Motor vehicle emission inspections and requiring the exercise of rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

#### PROVISIONS OF THE BILL

This bill explicitly authorizes the Department of Transportation (DOT) to contract with any person – including any person engaged in the business of selling, maintaining, or repairing motor vehicles or of selling motor vehicle replacement or repair parts – to perform vehicle emission tests. Further, the bill explicitly authorizes DOT to allow, under a contract, a subcontract with any person engaged in the business of selling, maintaining, or repairing motor vehicles or of selling motor vehicle replacement or repair parts.

The bill requires that in either case, DOT's contract must require the contractor or subcontractor to advise a customer whose vehicle has failed the emission test that the customer has a right to select a vendor of the customer's own choice to perform any repairs or adjustments needed.

In addition to addressing contracting authority, the bill also explicitly allows DOT to authorize persons not under a contract with DOT to perform emission testing and inspection. The bill requires DOT to establish by administrative rule the procedures that DOT would use to authorize persons other than contractors or contractors' subcontractors, to perform emission testing and inspection.

As with contractors and subcontractors, any authorized person that is engaged in the business of selling, maintaining, or repairing motor vehicles or of selling motor vehicle replacement or repair parts must advise a customer whose vehicle has failed the emission test that the customer has a right to select a vendor of the customer's own choice to perform any repairs or adjustments needed.

Also as with contractors and subcontractors, any person authorized to perform emission testing and inspection is subject to all federally required performance audits of operations and personnel, and enforcement actions.

DOT rule must also require any person that performs emission testing and inspection, that is engaged in the business of selling, maintaining, or repairing motor vehicles or of selling motor vehicle replacement or repair parts, to report periodically to DOT certain information about tests, repairs, and reinspections. DOT must make this information available to the public.

The bill explicitly states certain program features: that emission inspection stations may be permanent or mobile; that technological testing and transmission capabilities may include reading and reporting diagnostic codes stored in any vehicle's on-board diagnostic system; and that program termination in any county would be at the end of contract period if the program is being operated under a contract.

Finally, the bill authorizes DOT, with concurrence of the Department of Natural Resources (DNR), to grant a temporary exemption to any vehicle, and to deny any requests for inspection, during any period in which DOT is unable to operate an inspection and maintenance program. DOT rule must establish procedures for granting temporary exemptions for a period when DOT is unable to operate the program.

#### FISCAL IMPACT

This bill has no fiscal impact on DOT or the Transportation Fund.

The Legislature in 2007 Act 20 made several changes in the motor vehicle emission inspection program, to allow testing by On-Board Diagnostics (OBD 2) methodology and to allow testing by methods in addition to testing by contractor. As described in the Legislative Fiscal Bureau Summary of 2007 Act 20:

- "Permit DOT to establish alternate methods for emissions testing and equipment inspection in addition to the current method of testing by private contractor..." and
- "Specify that these methods may include the installation and operation by the Department of self-service inspection stations and the utilization of any technology related to emissions or data transmission with which motor vehicles may be equipped..." and

- "Require DOT to conduct a study of alternative program models for the vehicle emissions inspection program, including an examination of the possibility of remote emissions testing and testing performed by certified motor vehicle dealers that electronically transmit test results to the Department..."

This bill makes explicit DOT's authority to determine how to deliver the emission testing and inspection program.

This bill authorizes but does not mandate DOT to establish a "decentralized" emission testing program, offering customers more options for emission testing, or a hybrid testing network that includes both centralized and decentralized testing options.

Establishing a decentralized or a hybrid emission testing network does not, in itself, determine whether DOT cost will increase or decrease. Many other factors will determine DOT's cost. Also, since DOT's current emission testing contract runs through June 2011, any changes to the emission testing program would occur in future biennia.

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 09-2844/3		<b>Introduction Number</b> SB-505	
<b>Description</b> Motor vehicle emission inspections and requiring the exercise of rule-making authority			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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