

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 14, 2003

TO: Honorable Chris Harris, Chair, Senate Committee on Administration

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2963 by Krusee (Relating to the regulation of motor vehicle emissions in counties participating in early action compacts.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2963, As Engrossed: a positive impact of \$633,299 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$245,494
2005	\$387,805
2006	\$466,860
2007	\$547,496
2008	\$629,745

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain from <i>CLEAN AIR ACCOUNT</i> 151	Probable (Cost) from <i>CLEAN AIR ACCOUNT</i> 151
2004	\$3,875,252	(\$3,629,758)	\$968,813	(\$968,813)
2005	\$3,952,757	(\$3,564,952)	\$988,190	(\$988,190)
2006	\$4,031,812	(\$3,564,952)	\$1,007,953	(\$1,007,953)
2007	\$4,112,448	(\$3,564,952)	\$1,028,112	(\$1,028,112)
2008	\$4,194,697	(\$3,564,952)	\$1,048,675	(\$1,048,675)

Fiscal Year	Change in Number of State Employees from FY 2003
2004	30.0
2005	30.0
2006	30.0
2007	30.0
2008	30.0

Fiscal Analysis

The bill would provide for counties that are in attainment for the one-hour ozone standard but that have incidents approaching, or have monitored incidents that exceed the eight-hour ozone standard to participate in the Vehicle Inspection and Maintenance (I/M) program. Participation in the I/M program would require a county to include emissions reductions from the program an early action plan, as defined by the bill.

Upon approval of the Texas Commission on Environmental Quality (TCEQ) of a county's request to participate in the I/M program, the Department of Public Safety (DPS) would establish and administer a program in the requesting county.

The TCEQ could assess fees for the vehicle inspections performed in amounts necessary to recover the costs of developing, administering, evaluating and enforcing the program. A portion of the fee as determined by the TCEQ may be kept by inspection station owners, contractors, or operators to cover costs of the test and to provide a reasonable profit. Participating Counties are eligible for incentives for voluntary participation established in Health and Safety Code, Section 382.216 would also be eligible to participate in the Low-Income Vehicle Repair, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP).

Methodology

This estimate assumes that the Austin-San Marcos and San Antonio areas would both request to establish I/M programs to begin September 1, 2004. Revenue estimates in this analysis are based on those provided by the DPS and are derived based on the number of vehicles registered in each area, the fee rate remitted to the state in areas currently participating in the I/M program (\$2.50 per vehicle) and the current distribution of funds between the TCEQ and the DPS (20 percent to the Clean Air Account No. 151 for use by the TCEQ and 80 percent to the General Revenue Fund for use by the DPS). The estimate also assumes a 2 percent annual growth rate in the number of vehicles registered.

This estimate assumes that the revenues to the Clean Air Account No. 151 would be sufficient to cover additional costs to the TCEQ in administering the expanded I/M program. It is estimated that all costs to the TCEQ would be for contracted services; no additional FTEs would be needed.

Assuming the Austin and San Antonio areas would join the I/M program, the DPS needs an additional 30 FTEs, consisting of 21 Inspectors, four Administrative Technicians, one Training Specialist, and four Vehicle Inspection Supervisors to implement the bill at annual direct costs of \$780,740 and benefits of \$222,227. Associated equipment costs \$739,036 in FY 2004 and \$14,040 in FY 2005 through FY 2008. Other costs consisting of imprest monies and vehicles for conducting covert audits of emissions testing facilities and professional services total \$1,873,715 in FY 2004 and \$2,547,945 in FY 2005 through FY 2008.

This estimate does not assume that areas joining the I/M program upon passage of the bill would participate in the LIRAP program.

Technology

The technical impact consists of computers, computer server; printers; software, and enterprise agreement.

Local Government Impact

If a county enters into a vehicle emission inspection program, and the county wants to continue to perform their own inspections, equipment would have to be purchased. The cost to inspect their own vehicles can range from \$800 to \$40,000 depending on the type of program implemented.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 582 Commission on Environmental Quality

LBB Staff: JK, SD, WP, CL, AR, TL, KG, MS