

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION
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TO: Honorable Wayne Smith, Chair, House Committee on Environmental Regulation

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB2639 by Chisum (Relating to motor vehicle inspections that employ remote sensing equipment.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2639, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

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
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Oper & Chauffeurs Lic</i> <i>Ac</i> 99	Probable (Cost) from <i>Oper & Chauffeurs Lic</i> <i>Ac</i> 99	Probable Revenue Gain/(Loss) from <i>Clean Air Account</i> 151	Probable Savings/ (Cost) from <i>Clean Air Account</i> 151
2012	\$6,875,301	(\$6,875,301)	\$815,119	(\$815,119)
2013	\$6,674,012	(\$6,674,012)	\$815,119	(\$815,119)
2014	\$6,607,712	(\$6,607,712)	\$65,119	(\$65,119)
2015	\$6,664,821	(\$6,664,821)	\$65,119	(\$65,119)
2016	\$6,607,712	(\$6,607,712)	\$65,119	(\$65,119)

Fiscal Year	Change in Number of State Employees from FY 2011
2012	42.6
2013	42.6
2014	42.6
2015	42.6
2016	42.6

Fiscal Analysis

The bill would establish a clean screen element (remote sensing) for the vehicle inspection and maintenance (I/M) program jointly administered by the Texas Commission on Environmental Quality (TCEQ) and the Texas Department of Public Safety (DPS). The bill would allow the TCEQ, the DPS, and the Texas Department of Motor Vehicles (DMV) to jointly develop and implement a clean screen component of the I/M program on their own initiative or in response to a written request by a county, regional council of governments, a regional planning commission, a metropolitan planning organization, or another organization designated by the TCEQ to develop air quality plans.

The bill would limit the applicability of a clean screen component to only passenger vehicles and light duty trucks that are not required to undergo a commercial vehicle safety inspection. The bill would prescribe the content of the “clean screen program component” which would have to include procedures to identify compliant vehicles, allow vehicle owners whose vehicle receives a clean screen inspection to pay a clean screen inspection fee established by the TCEQ, instead of obtaining a safety and emissions certificate from an inspection station and fees associated with the inspection. Additionally, the “clean screen program component” must also include procedures to provide written notice of the clean screen program availability to registered vehicle owners.

The bill would provide that the TCEQ shall assess a clean screen inspection fee for vehicles in compliance with on-road emission standards, payable at the option of the registered vehicle owner. The fee would be set at an amount reasonably necessary to recover costs of developing, administering, implementing, evaluating, and enforcing the clean screen program component and not less than the sum of the fees that would be required for an emissions-related inspection conducted at an inspection station.

The bill would also provide that the TCEQ shall assess an additional clean screen convenience fee for vehicles in compliance with on-road emission standards, payable at the option of the registered vehicle owner. The fee would be set at an amount not less than the sum of the fees required for vehicle safety inspection at an inspection station.

The bill would require the TCEQ by rule to authorize, if the clean screen component is operated by a contractor, the clean screen contractor to retain a portion of the clean screen inspection fee to recover operating costs and provide a reasonable profit.

The bill would authorize the TCEQ to recover the costs from the clean screen contractor for computer programming activities or hardware acquisitions required to accommodate the clean screen component into the I/M program.

The bill would require that the clean screen inspection fee and the clean screen convenience fee be used for the same purpose that the inspection fee would have been used for.

The bill would exempt vehicles that have satisfied the clean screen requirements from undergoing an annual safety inspection. This provision would only apply if the TCEQ adopted procedures authorizing vehicles that receive a clean screen inspection to pay a clean screen convenience fee instead of undergoing a safety inspection.

The bill would authorize the TCEQ and DPS to establish a system to issue an inspection certificate under the clean screen component without requiring that the inspection certificate be issued by an inspection station. Currently inspection certificates are required to be issued by inspection stations.

Methodology

This estimate assumes that one of the entities authorized to request the creation of the clean screen component/remote sensing program would request its implementation, and that the implementation of the program would begin in fiscal year 2012.

Passage of the bill is expected to result in costs to the TCEQ relating to rulemaking, revisions to the state implementation plan, revisions to the emissions analyzer specifications, certification of new equipment necessary to implement a clean screen component in the I/M program, and the development and issuance of a request for proposals and contracts for the clean screen component. This would result in the need for 1.0 additional FTE at the TCEQ and related costs of \$65,119. In addition, modifications would be required to the vehicle identification database, and the vehicle emissions analyzers used by the TCEQ would require software modifications. The estimated one-time cost to the TCEQ for these changes is estimated to be approximately \$1.5 million. This estimate assumes that these costs would occur over the two year period of 2012-13.

The DPS would be required to issue an inspection certificate under the clean screen program directly to individuals whose motor vehicles were determined to be in compliance with applicable emissions standards. DPS assumes 10 percent of the 8,000,000 vehicles in the applicable counties would elect to undergo emissions testing through the clean screen program in lieu of the current emissions testing method each year (800,000). DPS would require an additional 33 Inventory and Store Specialist IIs to mail out the 800,000 additional certificates, three Customer Service IIIs to field questions regarding the program, one Program Specialist IV to manage the additional records and information technology modifications, and 4.6 Accountant Vs to handle accounting, financial management, and support functions related to the provisions of the bill. All related costs to the additional employees are included in this estimate. Additionally, DPS will require \$4,400,000 each year to send the certificates via certified mail ($\$5.50 \times 800,000 = \$4,400,000$).

The DMV reports that it does not anticipate additional significant costs to implement the provisions of the bill.

This estimate assumes that costs to the TCEQ relating to implementation of the remote sensing program created by the bill would be paid out of the General Revenue-Dedicated Clean Air Account No. 151, and that costs to DPS would be paid out of the General Revenue-Dedicated Operators and Chauffeurs License Account No. 99 because these are the methods of financing for the agency's respective I/M programs. Because the bill authorizes both the establishment of a clean screen inspection fee and a clean screen convenience fee, this estimate assumes that those fees would be set to generate sufficient revenue to cover costs of the existing I/M programs plus the additional costs identified in this estimate to the TCEQ and DPS, and that the appropriate amount of revenue would be allocated to the appropriate account to cover such costs. Thus, the table above shows an increase in revenues in each agency's funding source sufficient to cover the increase in program costs.

Technology

Modifications to the vehicle identification database and the vehicle emissions analyzers at the TCEQ are expected to require software modifications. The estimated one-time cost to the TCEQ for these changes is estimated to be approximately \$1.5 million. It is expected that these costs would be paid over the two-year period of 2012-13.

This estimate assumes DPS would require contracting for systems analysis, programming, database management, and program management related to the bill's provisions and estimated at \$71,500 in fiscal year 2012 and \$66,300 in fiscal year 2013.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 582 Commission on Environmental Quality, 608 Department of Motor Vehicles

LBB Staff: JOB, TL, KKR, SZ, ZS, ESi