

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**May 23, 2013**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2305** by Rodriguez, Eddie (Relating to motor vehicle inspection requirements for vehicles equipped with compressed natural gas containers.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2305, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2015.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Clean Air Account 151</b>
2014	(\$800,000)
2015	\$0
2016	\$0
2017	\$0
2018	\$0

**Fiscal Analysis**

The bill would amend the Transportation Code to prohibit an inspection station from issuing a passing vehicle inspection report for a vehicle equipped a compressed natural gas container unless the owner of the vehicle can demonstrate the container is still within its manufacturer's recommended service life and has met certain inspection requirements, and the vehicle is a fleet

vehicle for which the fleet operator employs a technician certified to inspect the container. The bill would require the Department of Public Safety to adopt rules to implement these provisions of the bill by January 1, 2014. It is assumed the costs associated with implementing these provisions of the bill could be absorbed within existing resources.

The bill would also amend the Code of Criminal Procedure, Education Code, Government Code, Health and Safety Code, Occupations Code, and Transportation Code to establish a combined vehicle safety and vehicle registration sticker.

The bill would require the Department of Public Safety (DPS) and the Department of Motor Vehicles (DMV) to replace the current Texas dual inspection/registration sticker system with a single registration sticker. The bill would stipulate a vehicle may not be registered without proof of a safety and/or emission inspection, either electronically or via a printed inspection report.

The bill would require vehicle owners to complete vehicle safety inspections prior to their registration renewal. The bill would stipulate a vehicle owner may obtain an inspection certificate not earlier than 90 days before the date of expiration of the vehicle's registration.

The bill would require DPS, in consultation with the Texas Commission on Environmental Quality (TCEQ), to implement a system for both safety and air quality inspections. The bill would direct DPS to provide notice to the DMV of non-compliant vehicles. The bill would require DMV and DPS to enter into an agreement regarding timely data submissions by DPS. TCEQ presumably would no longer track and report data on vehicles that fail the emissions test.

The bill would require DPS to maintain an electronic database to which inspections stations must electronically submit, upon completion of an inspection, the inspected vehicle's vehicle identification number and whether the vehicle passed the inspections.

The bill would require DPS to adopt rules regarding the issuance of inspection reports. The bill would require DPS to provide to inspection stations equipment and supplies necessary to comply with the rules adopted by DPS pertaining to the issuance of inspection reports.

The bill would stipulate that prior to a vehicle being registered, the DMV or the county assessor-collector registering the vehicle shall verify the vehicle passed its inspection in the inspection database.

The bill would require \$5.50 of each passenger car or light truck inspection fee and \$10 of each commercial vehicle inspection fee to be remitted to the state at the time of the inspection. The bill would require the DMV or the county assessor-collector that register a vehicle that is subject to an inspection fee to remit the state portion directly to the Comptroller.

The bill would amend the Government Code to remove the \$20 administrative fee for driving with an expired report. The bill would amend the Health and Safety Code to require DPS to adopt procedures for inspection stations to submit reports to an inspections database regarding vehicles that did not pass vehicle inspection.

The bill would amend the Transportation Code to clarify that a commercial vehicle with extended registrations shall be subject to the inspection requirements specified in the bill as if the commercial vehicle were registered without an extended registration.

The DMV notes implementing the provisions of the bill would require the following actions on the part of the agency: work with DPS and TCEQ to adopt rules to implement the program; make certain programmatic changes to the DMV's automated systems, website and forms; and provide

notice to County Tax Assessor-Collectors, law enforcement and other agency partners. It is assumed the DMV could implement the provisions of the bill within current appropriations.

DPS notes implementing the provisions of the bill would require the following actions on the part of the agency: create and update program content; modify Information Technology (IT) software applications; and communicate and train agency staff. The agency estimates that it would need to hire Information Technology contractors. DPS also notes it would need to collaborate with DMV and TCEQ to implement the provisions required by the bill. It is assumed DPS could implement these actions within current appropriations.

TCEQ notes the bill would require a revision to the state's Inspections and Maintenance Implementation Plan, certain rulemaking and policy changes, and the development of new analyzer and software specification. It is assumed TCEQ could implement these actions within current appropriations. TCEQ estimates the agency would also need to modify its analyzer equipment, resulting in a one-time cost of \$800,000 in fiscal year 2014 out of the Clean Air Account #151.

The Comptroller notes that the bill would not alter the amount of motor vehicle inspection fee revenue that the state would receive. However, the Comptroller notes bill would alter the manner by which the fee revenue would be collected and remitted to the state treasury. Currently, inspection stations remit inspection revenues to DPS, which then remits the revenue to the state treasury. The bill would require revenues to be remitted to the state treasury by the DMV or county-assessor collectors at the time of the vehicle registration.

The bill would also create several new criminal offenses. Expanding the list of behaviors for which a criminal penalty is applied is expected to result in increased demands upon the correctional resources of counties or of the state due to longer terms of probation, or longer terms of confinement in county jail, state jail, or prison. For this analysis, it is assumed the number of offenders convicted or whose cases would now be dismissed under the provisions of the bill would not result in a significant impact on the programs and workload of state correctional agencies.

The bill would require DMV, DPS, and TCEQ to adopt rules to implement the bill by March 1, 2014. The bill would require DPS to create the vehicle inspection database by March 1, 2014. All provisions of the bill would take effect by September 1, 2015.

## **Methodology**

The Texas Commission on Environmental Quality reports the bill would require modifications to the software resident on four vehicle emissions analyzers. The agency estimates the cost of these modifications would be \$800,000 (\$200,000 x four analyzers) in fiscal year 2014.

## **Technology**

The Texas Commission on Environmental Quality estimates the software resident on four vehicle emissions analyzers would require modifications at \$200,000 per analyzer platform (\$800,000 in total) in fiscal year 2014.

## **Local Government Impact**

Local entities could see a negative fiscal impact due to the potential loss of revenue from fees collected for the Low Income Repair Assistance, Retrofit, and Accelerated Vehicle Retirement Program. The bill would require an indeterminate number of counties to modify the testing hardware used for vehicle diesel emissions analyzers owned by local entities. Additionally, county courts would see a decrease in fees associated with charges relating to inspection certificates. Reduced funding for local governments would vary but is not anticipated to be significant.

**Source Agencies:** 405 Department of Public Safety, 582 Commission on Environmental Quality, 608 Department of Motor Vehicles, 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 601 Department of Transportation

**LBB Staff:** UP, AG, AI, JAW, TG, TL, MH, MMe, KKR