

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 29, 2013

TO: Honorable Larry Phillips, Chair, House Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2875 by Harper-Brown (Relating to the motor vehicle inspection program; creating an offense; amending the amount of certain fees.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2875, Committee Report 1st House, Substituted: a negative impact of (\$9,900,058) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$6,435,029)
2015	(\$3,465,029)
2016	(\$4,005,029)
2017	(\$4,005,029)
2018	(\$4,005,029)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Clean Air Account</i> 151	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2014	(\$800,000)	(\$6,435,029)
2015	\$0	(\$3,465,029)
2016	\$0	(\$4,005,029)
2017	\$0	(\$4,005,029)
2018	\$0	(\$4,005,029)

Fiscal Analysis

The bill would 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 certificate. 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 certificates. 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 certificates.

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 authorize each inspection station to set a reasonable maximum fee for the inspection of a motor vehicle. The bill would authorize DPS to set a statewide maximum inspection fee, provided the maximum does not exceed \$17.50. The bill would require \$5.50 of each fee for an inspection to be remitted to the state. The bill would require \$10 of each commercial vehicle inspection fee to be remitted to DPS.

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 require an inspections station to post a sign or placard stating the inspection station's maximum fee it may charge for a vehicle safety inspection and the maximum fee the inspections station may charge for an emissions test.

The bill would amend the Government Code to remove the \$20 administrative fee for driving with an expired certificate. 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 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.

The bill would also require DPS to provide inspection stations with the equipment and supplies necessary to comply with the rules adopted by DPS pertaining to the issuance of inspection certificates. DPS estimates this would require providing certain equipment to approximately 10,000 inspection stations in Texas, resulting in a General Revenue cost of \$6,435,029 in fiscal year 2014, \$3,465,029 in fiscal year 2015, and \$4,005,029 in fiscal years 2016 through 2018.

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.

All provisions of the bill would take effect by September 1, 2015. Certain provisions would take effect earlier (January 1, 2014).

Methodology

The Department of Public Safety (DPS) reports the bill would require the agency to provide inspection stations with the equipment and supplies necessary to comply with the rules adopted by DPS pertaining to the issuance of inspection certificates. DPS assumes all 10,000 inspection stations would be shipped an ink jet printer, USB printer cable, warranties and vendor support (totaling \$2,970,000 in the fiscal year 2014 only). DPS also assumes each inspection station will be shipped 2 ink cartridges and 500 sheets of paper each year (totaling \$3,465,029 in fiscal years 2014 and 2015, and \$4,005,029 in fiscal years 2016-18). The General Revenue cost sums to \$6,435,029 in fiscal year 2014, \$3,465,029 in fiscal year 2015, and \$4,005,029 in fiscal years 2016 through 2018.

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).

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

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