

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 25, 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.), **As Introduced**

An indeterminate negative impact on General Revenue Fund 01, General Revenue Account 151—Clean Air, and General Revenue Account 5071—Emissions Reduction Plan, could occur as the result of 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	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

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

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 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 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 would no longer track and report data on vehicles that fail the emissions test.

The bill would extend the initial safety inspection period for new vehicles from two years to three years, and increase the minimum fee for the initial safety inspections from \$21.75 to \$34.25. The bill would allow DPS to determine how much inspection stations would pre-pay for inspection certificates as well as the portion of the inspection fee that would be remitted to DPS. The bill would also allow DPS to determine what portion of each safety certificate fee collected from an inspection station would be remitted to TCEQ in lieu of the \$2 per inspection that is currently collected and remitted.

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 the provisions of the bill within current appropriations.

The bill allows DPS to set fees for vehicle inspections, in place of sum-certain fee levels currently set by law. The Comptroller notes that because where those fee levels would be set is unknown, the bill's impacts (on General Revenue Fund 01, GR Account 151—Clean Air, and GR Account 5071—Emissions Reduction Plan) are indeterminate. Further, the collection pattern from inspection fees could change as the result of the initial three-year, instead of two-year, inspection program and could produce an unknown gain in revenue during the 2014-15 biennium. However, the allocation of this gain in revenue is not specified under the provisions of the bill and therefore the impact of this change on individual accounts cannot be determined at this time.

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.

Last, while DPS has not indicated any intent to do so, the bill would provide DPS with the authority to reduce or increase the portion of revenue from vehicle inspection fees allocated to the Texas Mobility Fund. Article 3, Section 49-k, of the Texas Constitution, specifies that while money in the Texas Mobility Fund is pledged for the payment of any outstanding debt obligations,

the Legislature may not reduce, rescind, or repeal the dedication of a specific source or portion of revenue dedicated to the Texas Mobility Fund unless the Legislature by law dedicates a substitute or different source of revenue that is projected by the Comptroller to be of a value equal to or greater than the source or amount being reduced, rescinded, or repealed.

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

Methodology

The Texas Commission on Environmental Quality claims 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 2016.

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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