

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 18, 2017

TO: Honorable Joseph Pickett, Chair, House Committee on Environmental Regulation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2569 by Pickett (Relating to a review of the motor vehicle emissions inspection and maintenance program.), **As Introduced**

No significant fiscal implication to the State is anticipated to implement the provisions of the legislation. Depending on the determination made by TCEQ, the response from the Federal government on plan approval, and on subsequent TCEQ rulemaking, there could be a reduction to state revenues in future years.

The bill would amend Texas Health and Safety Code by adding Section 382.221 which would instruct the Texas Commission on Environmental Quality (TCEQ) to determine whether the federal Clean Air Act or its subsequent amendment requires Texas to implement a motor vehicle inspection and maintenance program established by Texas Transportation Code, Chapter 548 and Texas Health and Safety Code, Chapter 382. If it is determined that this requirement does not exist, TCEQ would be required to develop a plan to end the emissions inspection and maintenance program, to provide for the revision of the state implementation plan to account for the proposed changes, and to submit this plan for approval by the United States Environmental Protection Agency (EPA). If approved by the EPA, TCEQ would be required to implement the plan and submit to the legislature a list of recommended statutory changes to facilitate the implementation. The bill would take effect September 1, 2017.

The bill would result in an indeterminate fiscal impact if TCEQ should determine the vehicle inspection and maintenance program is not required, create a plan for such a purpose, and the plan is approved by the EPA. For illustrative purposes, if approved and the program is eliminated, and such elimination were in effect for the next biennium, the Comptroller of Public Accounts estimates that the revenue loss would be \$411 million in All Funds in 2018-19. However, no specific date for elimination is specified in the legislation.

Local Government Impact

According to TCEQ, if the motor vehicle inspection and maintenance program is abolished, all fees authorized by Chapter 382 would be eliminated. This would affect the amount of revenue and potential funding to be given to the 16 counties currently participating in the Low Income Repair Assistance Retrofit and Accelerated Vehicle Retirement Program (LIRAP) and the Local Initiatives Program (LIP).

According to Harris County, if TCEQ determined that the vehicle inspection and maintenance program was not required under the provisions of the bill, the County would lose an estimated \$16 million dollars in funding per year which it currently utilizes to improve air quality by way of Local Initiative Projects Programs (LIP). This analysis estimates the bill would have an indeterminate fiscal impact on the County.

According the Dallas County, the fiscal impact cannot be determined at this time.

TCEQ estimates that if it was determined that the vehicle inspection and maintenance program was not required under the provisions of the bill, Williamson and Travis County, which currently implement the program voluntarily, would remove the counties' ability to participate in LIRAP and LIP, and would result in an annual reduction of approximately \$2.6 million in revenue to the Clean Air Account.

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

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