

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1263-02
Bill No.: HB 437
Subject: Department of Natural Resources; Environmental Protection
Type: Original
Date: February 21, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Missouri Air Pollution Control*	(\$15,167)	(\$18,200)	(\$18,200)
Missouri Air Emissions Recovery	(\$38,438)	(\$46,125)	(\$46,125)
Total Estimated Net Effect on <u>All</u> State Funds*	(\$53,605)	(\$64,325)	(\$64,325)

* Does not include unknown loss of revenue due to exempting "limited production vehicles" in Franklin County.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri State Highway Patrol** assume the proposed legislation would have no fiscal impact on their agency.

Officials from the **Department of Revenue** assume the proposed legislation would have minimal administrative impact on their agency.

Officials from the **Department of Transportation** assume there will be minimal impact on the department as a result of this legislation. In Franklin County, the option of the annual \$10.50 emission inspection is replaced with a biennial \$24 emission inspection. The two year period cost difference of \$3 times the number of DHT vehicles in Franklin County will be minimal and can be absorbed by the department's current budget.

A greater concern is if Missouri is not compliant with the federal Clean Air Act, Missouri will lose federal highway dollars. However, until a federal ruling is made, the department cannot determine if Missouri will be compliant and, if not, what amount will be sanctioned against Missouri.

Officials from the **Department of Natural Resources** noted that switching to biennial emissions testing reduces state revenue from this area (Franklin County) by fifty percent. Officials estimate 48,600 annual paid inspections based on an estimate from the contractor performing the emission inspections. Each paid test results in \$0.75 in state revenue. The revenue loss is estimated to be 48,600 paid inspections per year under existing program / 2 (half being inspected under proposed legislation) * \$0.75 per inspection = approximately \$18,200 per year loss in revenue.

Officials assume this proposed legislation aligns I/M testing cycle in Franklin County with Department of Revenue licensing cycle (e.g. Even model year vehicles license plates are renewed in even calendar years). This proposal would result in the State Implementation Plan (SIP) being revised to reflect loss of air emissions reduction credits because 1971 to 1980 model vehicles would no longer be emissions tested. Officials estimate this would result in a loss of 2 tons per day of the department's plan for reductions of 19.82 tons per day.

The revenue loss from exempting "limited production vehicles" in Franklin County cannot be determined because there is no data that defines these vehicles or the number located in Franklin County.

This loss would affect the department's State Implementation Plan for the reduction of VOC emissions in non-attainment areas (St. Louis). Those reductions would have to be made up with ASSUMPTION (continued)

new strategies. This would require the state to seek additional air pollutant reductions from businesses already regulated or the state may be required to regulate smaller businesses in the non-attainment area.

Exempting these model years would reduce state revenues by \$2.50 for each vehicle. Estimated yearly tests on these models in FY 2002 in St. Louis City and the counties of St. Louis, St. Charles and Jefferson is 18,450. Therefore, total revenue loss would be 18,450 x \$2.50 = \$46,125.

Oversight assumes that the effective date of this proposal is August 28, 2001. Therefore, Oversight prorated the loss of revenue to the indicated funds at ten months in FY 02.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
MISSOURI AIR POLLUTION CONTROL FUND*			
<u>Loss - Emissions testing / biennial</u>	<u>(\$15,167)</u>	<u>(\$18,200)</u>	<u>(\$18,200)</u>

MISSOURI AIR EMISSIONS RECOVERY FUND			
<u>Loss - Due to emissions testing exemptions</u>	<u>(\$38,438)</u>	<u>(\$46,125)</u>	<u>(\$46,125)</u>

*** Does not include unknown loss of revenue due to exempting "limited production vehicles" in Franklin County.**

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses could be affected by the provisions of this proposal.

DESCRIPTION

Currently, residents of Franklin County may choose an annual BAR-97 test to fulfill vehicle emissions testing requirements. This bill makes the BAR-97 test biennial and increases the maximum testing fee from \$10.50 to \$24. The bill also exempts all limited production vehicles from BAR-97 testing requirements and exempts vehicle model years prior to 1981 from I/M-240 testing requirements.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Revenue
Department of Transportation
Missouri State Highway Patrol



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Director

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