

# BDR 40-15

## AB 146

### EXECUTIVE AGENCY FISCAL NOTE

#### AGENCY'S ESTIMATES

Date Prepared: March 3, 2015

Agency Submitting: Department of Motor Vehicles, Compliance Enforcement - Pollution Control

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Annual Vehicle Inspections (change from 1yr to 2yr) (Revenue)		\$8,351,664	(\$8,460,234)	(\$76,908)
Average New Vehicle Inspections (change from 2yrs to 4yrs) (Revenue)		(\$935,346)	(\$947,508)	(\$1,922,574)
Regulations (Expense)	\$2,240			
Contract Programming (Expense)	\$238,300			
Total	\$240,540	\$7,416,318	(\$9,407,742)	(\$1,999,482)

#### Explanation

(Use Additional Sheets of Attachments, if required)

AB146 proposes to change the frequency of motor vehicle emission tests. The bill requires emission tests every other year starting July 1, 2015; and requires new cars to be tested after four years. Under the proposal, the fee collected by the state to finance air-quality measures would double from \$6 to \$12 for each test. Additionally, AB146 will result in a fiscal loss to the State because new vehicles would no longer be tested in years 3 and 4.

Agencies that receive funding from the Pollution Control Account (PCA) may be impacted every odd numbered fiscal year due to the decrease in testing. Projections are based on a report of all actual DMV inspections on passenger and light duty vehicles conducted in fiscal year 2014, and increased using the demographer's growth rate. Although, the emission fees are doubling to account for inspections every two years, the timing of revenue will be impacted and may consequently adversely impact future cash flow.

Pursuant to NRS 445B.830, funds in excess of \$1,000,000 remaining in the PCA at the end of the fiscal year are distributed to Washoe and Clark Counties. As a result, on each even numbered fiscal year there will be a large distribution from the reserve account to both Washoe and Clark counties. While in the odd numbered fiscal years, there will be no funding in the account to fund the Department of Motor Vehicles, the State Environmental Commission, the Tahoe Regional Planning Agency, the Division of Environmental Protection and the State Department of Agriculture's budgets.

The State Environmental Commission and the DMV are required to adopt regulations by July 1, 2015. The proposed implementation date of July 1, 2015 cannot be met due to the estimated 2,383 programming hours needed to complete the requirement (2383 X \$100 per hour = \$238,300).

Name Amy McKinney

Title Chief of Administration

#### DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Tuesday, March 03, 2015

The agency's response appears reasonable.

Name James R. Wells, CPA

Title Interim Director