

**STORAGE NAME:** h1377s1z.tr  
**DATE:** June 1, 1998

**\*\*FINAL ACTION\*\***  
**\*\*SEE FINAL ACTION STATUS SECTION\*\***

**HOUSE OF REPRESENTATIVES  
AS FURTHER REVISED BY THE COMMITTEE ON  
TRANSPORTATION  
FINAL BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** CS/HB 1377

**RELATING TO:** Motor Vehicle Emissions Inspections

**SPONSOR(S):** Committee on Transportation and Rep. Fuller, Healey, and others

**STATUTE(S) AFFECTED:** s. 325.214

**COMPANION BILL(S):** CS/CS/SB 374 (s)

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) TRANSPORTATION YEAS 5 NAYS 4
- (2) ENVIRONMENTAL PROTECTION YEAS 6 NAYS 2
- (3) TRANSPORTATION & ECON. DEV. APPROPRIATIONS YEAS 5 NAYS 3
- (4)
- (5)

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I. FINAL ACTION STATUS:

On April 30, CS/HB 1377 became Chapter 98-254, Laws of Florida.

II. SUMMARY:

In Florida, motor vehicles registered in Broward, Dade, Duval, Hillsborough, Pinellas, and Palm Beach counties are required to undergo annual emissions inspections.

This bill directs the Department of Highway Safety and Motor Vehicles (DHSM&V) to hire a consultant to develop request-for-proposal specifications for the emissions inspection program. The specifications would be for both an annual and a biennial inspection program and would exempt the 3 most recent motor vehicle model years from mandatory testing. DHSM&V must submit a report and recommendations to the Legislature by January 1, 1999.

The bill also prohibits the Department from entering any new motor vehicle emissions testing contract, or extension of an existing contract, without specific legislative approval. If no specific legislation is passed during the 1999 legislative session, the Department is authorized to implement a program in which vehicles 5 model years and older would be inspected every 2 years for hydrocarbon and carbon monoxide emissions. The inspection fee is subject to legislative review if it exceeds the current fee of \$10.

Florida must submit a revised maintenance plan to the EPA showing program modifications for the new motor vehicle exemptions and biennial inspections. If the new program requirements result in nonapproval of the maintenance plan, the EPA has the authority to impose sanctions due to noncompliance with the Clean Air Act. Sanctions could include the withholding of the state's federal highway funds. It is unknown how the EPA would react to the state's implementation of the bill's provisions.

The fiscal impacts on the state and the contractor are indeterminate since the impacts will be based on the terms of the new contracts that will not take effect until after the current contracts expire on March 31, 2000. Other fiscal impacts are indicated in the Fiscal Analysis & Economic Impact Statement section.

III. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

In 1988, the Legislature enacted the Clean Outdoor Air Act (creating the Motor Vehicle Inspection Program - ss. 325.201 - 325.219, F.S.) to require *annual* motor vehicle emissions inspections in certain areas of the state. DHS&MV currently administers motor vehicle inspections in six Florida counties - Broward, Dade, Duval, Hillsborough, Pinellas, and Palm Beach. The purpose of the Motor Vehicle Inspection Program (MVIP) is to improve air quality in the counties designated by the EPA in 1987 as ozone nonattainment areas. This is accomplished by ensuring through emissions inspections that most motor vehicles registered in the affected counties are properly maintained. Vehicles that do not pass emissions inspections must be repaired, or receive a waiver or exemption, in order to have their registration renewed.

The MVIP is administered by DHS&MV and is part of the state's commitment to the EPA under the Clean Air Act. Each state's commitment is contained in its submittal of a State Implementation Plan (SIP) to the EPA for compliance approval with the Clean Air Act. The Florida Department of Environmental Protection is responsible for Florida's SIP. The SIP delineates how the state will meet the requirements of the Clean Air Act as defined in 40 CFR, Part 51, Subpart S. The SIP is a legally binding document, signed by the governor, which commits the state to certain actions. Failure by a state to meet its SIP commitments could result in sanctions, including the withholding of federal highway funds.

In Florida newer model motor vehicles must undergo an annual emissions inspection even though they have a high pass rate. According to the DHS&MV's Florida's Motor Vehicle Inspection Program: 1996 Annual Report, the failure rate for newer model vehicles is as follows:

**STATEWIDE INITIAL EMISSIONS INSPECTIONS:  
GAS/DIESEL FAILURE RATES BY MODEL YEAR  
FY 1995-96**

<u>YEAR</u>	<u>GASOLINE VEHICLES</u>			<u>DIESEL VEHICLES</u>		
	<u>Total Inspected</u>	<u># Failed</u>	<u>%Failed</u>	<u>Total Inspected</u>	<u># Failed</u>	<u>% Failed</u>
1990	310,008	9,279	3%	880	33	4%
1991	319,937	7,222	2%	1,183	50	4%
1992	347,387	5,139	1%	1,215	43	4%
1993	455,846	3,543	1%	1,878	58	3%
1994	457,713	1,355	0%	1,785	68	4%
1995	405,799	647	0%	2,160	51	2%
1996	<u>51,544</u>	<u>50</u>	<u>0%</u>	<u>193</u>	<u>5</u>	<u>3%</u>
Total	<u>2,348,234</u>	<u>27,235</u>	<u>1%</u>	<u>9,294</u>	<u>308</u>	<u>3%</u>

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Recognizing that newer motor vehicles have a higher pass rate on emissions tests, the 1995 Legislature exempted "new motor vehicles" - as defined in s. 319.001, F.S. - for a period of two years from the date of purchase. However, the two-year exemption is not effective until May 1, 2000.

Section 325.203, F.S., identifies which vehicles are subject to annual inspections and which vehicles are exempt. Generally, vehicles are exempt because they are not significant contributors to air pollution (e.g., vehicles powered by propane or natural gas, golf carts, and mopeds). Further, DHS&MV has the authority to exempt other vehicles, based on a determination by the Department of Environmental Protection, that the vehicle does not significantly contribute to air pollution.

The current MVIP contracts expire on March 31, 1998. However, during February 1997, DHS&MV extended the contracts to March 31, 2000.

Pursuant to existing program contracts, revenues are shared between the state and the MVIP contractors. The inspection fee is set by DHS&MV and cannot exceed \$10. Currently, DHS&MV's share of the \$10 inspection fee ranges from \$1.50 to \$4.10 and the contractor's share ranges from \$5.90 to \$8.50.

**B. EFFECT OF PROPOSED CHANGES:**

This bill directs DHSM&V to hire a consultant to develop request-for-proposal specifications for the emissions inspection program. The specifications would be for both an annual and a biennial inspection program and would exempt the 3 most recent motor vehicle model years from mandatory testing. DHSM&V must submit a report and recommendations to the Legislature by January 1, 1999.

The bill also prohibits the Department from entering any new motor vehicle emissions testing contract, or extension of an existing contract, without specific legislative approval. If no specific legislation is passed during the 1999 legislative session, the Department is authorized to implement a program in which vehicles 5 model years and older would be inspected every 2 years for hydrocarbon and carbon monoxide emissions. The inspection fee is subject to legislative review if it exceeds the current fee of \$10.

Florida will be required to submit to EPA a revised SIP showing program modifications for newer motor vehicles exemptions and biennial inspections. It is unknown how EPA will react to these program changes. However, due to a delayed effective date of April 1, 2000, (when the current contracts expire) the State should have time to react to potential negative feedback from the EPA.

**C. APPLICATION OF PRINCIPLES:**

1. Less Government:

The bill reduces the number and frequency of inspections.

2. Lower Taxes:

The bill provides that if no specific legislation is passed during the 1999 legislative session the inspection fee may be increased if it is approved through the budget amendment process set forth in chapter 216, F.S.

3. Personal Responsibility:

N/A

4. Individual Freedom:

If no specific legislation is passed during the 1999 legislative session, motor vehicle owners living in the affected counties would not be required to have their vehicles inspected as often beginning in April 2000.

5. Family Empowerment:

N/A

D. SECTION-BY-SECTION RESEARCH:

N/A

E. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

<u>EXPENDITURES</u>	<u>1998-99</u>	<u>1999-00</u>
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Highway Safety Operating Trust Fund	\$125,000	
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The bill appropriates \$125,000 to develop request-for-proposal specifications.

2. Recurring Effects:

Indeterminate, see D., Fiscal Comments

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

Indeterminate, see D., Fiscal Comments

F. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

Indeterminate, see D., Fiscal Comments

3. Long Run Effects Other Than Normal Growth:

N/A

G. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Indeterminate, see D., Fiscal Comments

2. Direct Private Sector Benefits:

Indeterminate, see D., Fiscal Comments

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

H. FISCAL COMMENTS:

The bill creates a process for program specifications and fees to be studied and recommendations submitted to the 1999 legislature. If no specific legislation is passed during the 1999 legislative session, the Department is authorized to implement a program in which vehicles 5 model years and older would be inspected every 2 years for hydrocarbon and carbon monoxide emissions. The inspection fee would be subject to legislative review if it exceeds the current fee of \$10.

If DHSM&V implements a revised MVIP Program, as provided in the bill, the number of vehicles annually inspected is expected to decrease due to newer motor vehicles being exempted and requiring biennial inspections of other vehicles. A decrease in the number of inspections could reduce revenues to the program, cause inspection fees to be increased, or some combination of reduced revenues and increased fees. The separate fiscal impacts on the motoring public, the state, and the MVIP contractor cannot presently be determined because the impacts will be based on the terms of new contracts and will not take effect until after the current contracts expire on March 31, 2000.

This bill may result in a revenue loss to the motor vehicle repair industry because the number of vehicles annually inspected would be significantly reduced, which would result in less vehicles failing the emissions test and requiring repairs as a consequence.

If this bill results in nonapproval of the maintenance plans for the affected areas, the EPA has the authority to impose sanctions due to noncompliance with the Clean Air Act. Sanctions could include the withholding of the state's federal highway funds. It is unknown how the EPA would react to the state's implementation of the bill's provisions.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties and municipalities to expend funds. Therefore, the provisions of this bill are exempt from the mandate provisions of Article VII, Section 18 of the Florida Constitution.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The counties' and municipalities' authority to raise revenue is not affected by this bill. Therefore, the bill is exempt from the mandate provisions of Article VII, Section 18 of the Florida Constitution.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill would not reduce the percentage of a state tax that is shared with counties and municipalities. Therefore, the bill is exempt from the mandate provisions of Article VII, Section 18 of the Florida Constitution.

V. COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 3, 1997, the House Transportation Committee adopted a proposed committee substitute in lieu of HB 1377. The proposed committee substitute had the effect of:

- Modifying which motor vehicles are exempted from inspections.
- Changing the starting date for biennial inspections from October 1, 1997 to April 1, 1998.

On April 15, 1997, the House Committee on Environmental Protection adopted the committee substitute with one amendment. The amendment changed the definition of newer vehicles by reducing from 5 to 3 the preceding model years to which it applies.

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VII. SIGNATURES:

**COMMITTEE ON TRANSPORTATION:**

Prepared by:

Legislative Research Director:

Thomas E. Duncan

John R. Johnston

**AS REVISED BY THE COMMITTEE ON ENVIRONMENTAL PROTECTION:**

Prepared by:

Legislative Research Director:

Wayne S. Kiger

Wayne S. Kiger

**AS FURTHER REVISED BY THE COMMITTEE ON TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS:**

Prepared by:

Legislative Research Director:

Tim Gomez

Barry G. Brooks

**FINAL RESEARCH PREPARED BY COMMITTEE ON TRANSPORTATION:**

Prepared by:

Legislative Research Director:

Thomas E. Duncan

John R. Johnston