



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# FISCAL NOTE

<b>Drafting Number:</b>	LLS 20-0668	<b>Date:</b>	January 21, 2020
<b>Prime Sponsors:</b>	Sen. Zenzinger; Cooke Rep. Hansen; Liston	<b>Bill Status:</b>	Senate Transportation
		<b>Fiscal Analyst:</b>	Jeff Stupak   303-866-5834 Jeff.Stupak@state.co.us

---

<b>Bill Topic:</b>	<b>EMISSIONS INSPECTION CHECK ENGINE LIGHT</b>
--------------------	--

---

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue <input checked="" type="checkbox"/> State Expenditure <input type="checkbox"/> State Transfer	<input type="checkbox"/> TABOR Refund <input type="checkbox"/> Local Government <input type="checkbox"/> Statutory Public Entity
----------------------------------	--	--

The bill directs the Air Quality Control Commission within the Colorado Department of Public Health to submit a revised state implementation plan to the Environment Protection Agency for approval. Under the revised plan, a vehicle would not fail an emissions test solely because the check engine light is illuminated, and would instead undergo a tailpipe emissions test. The bill will increase workload in the Department of Public Health and Environment in FY 2020-21.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

---

## Summary of Legislation

Under current law, a vehicle will fail its emissions test if the check engine light is illuminated. The bill directs the Air Quality Control Commission within the Colorado Department of Public Health and Environment (CDPHE) to submit a revised state implementation plan (SIP) to the Environment Protection Agency (EPA) for approval. The revised SIP would allow vehicles with illuminated check engine lights to undergo a tailpipe emissions test instead of failing an emissions test. If the EPA rejects the revised SIP, this legislation will be repealed.

Before submitting the proposed SIP revision to the Air Quality Control Commission, CDPHE must allow for written comments and hold a stakeholder meeting to solicit input on the proposed plan. CDPHE must then submit the proposed SIP revision to the Air Quality Control Commission by September 31, 2020. The Air Quality Control Commission then shall adopt the proposal by December 1, 2020, and CDPHE shall submit the proposal to the Environment Protection Agency by May 5, 2021.

## Background and Assumptions

The Air Pollution Control Division in CDPHE administers the Automobile Inspection and Readjustment (AIR) Program, and uses a contractor to test vehicle emissions in Colorado. The contractor receives a \$25 test fee and the state receives \$0.25 from each emissions test, which

is credited to the AIR Account Cash Fund. New vehicles are exempt from emissions testing for seven years, inspected in the eighth year, and then every two years thereafter. Motor vehicle owners living in the emissions program area must have a certification of emissions compliance in order to register their vehicles.

Inspections between the 8th and 11th vehicle year utilize on-board diagnostics (OBD) testing, which reads trouble codes in the vehicle's computer system in order to detect emissions-related problems. A vehicle will fail the OBD test if the check engine light is illuminated or not functioning. On average, 6.5 percent of vehicles fail the OBD test. Because OBD testing fails more vehicles, OBD testing results in increased emissions reductions. After vehicle year 11, the traditional vehicle tailpipe test is used.

The fiscal note assumes that the revised SIP, as described in the bill, will result in less OBD testing and more tailpipe testing where a check engine light is illuminated. Less OBD testing will result in a loss of emissions reductions benefits. To ensure compliance with the federal Clean Air Act, the SIP may require additional revisions to reduce emissions, such as a resumption of emission testing vehicles years 4 through 7. This fiscal note calculates the direct costs of the bill; any potential indirect costs incurred resulting from additional changes to the SIP are not included.

### **State Expenditures**

In FY 2020-21 only, the bill will increase workload in the CDPHE to perform rulemaking to comply with the bill. In addition, CDPHE will need to submit a technical demonstration to the EPA showing that the change will not result in emissions backsliding, and oversee changes in testing software for the testing contractor. The fiscal note assumes these workload increases can be accomplished within existing appropriations. If additional staff and legal services hours are determined to be required to comply with federal law, these will be requested through the annual budget process.

Conditional on EPA's decision regarding the revised SIP, expenditures and workload may increase further and affect additional agencies. As discussed above, the fiscal note has not included these potential future costs.

### **Effective Date**

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

### **State and Local Government Contacts**

Colorado Energy Office  
Personnel

Information Technology  
Public Health and Environment

Law  
Revenue