

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 12-0188  
**Prime Sponsor(s):** Sen. King S.  
 Rep. Miklosi

**Date:** January 20, 2012  
**Bill Status:** Senate Transportation  
**Fiscal Analyst:** Jonathan Senft (303-866-3523)

**TITLE:** CONCERNING THE DEPARTMENT OF REVENUE'S AUDITS OF AUTOMOBILE EMISSION INSPECTION FACILITIES.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b>		
Highway Users Tax Fund - Air Account	\$89,130	\$89,130
<b>State Expenditures</b>		
Highway Users Tax Fund - Air Account	\$11,172	\$11,712
<b>FTE Position Change</b>	0.2 FTE	0.2 FTE
<b>Effective Date:</b> July 1, 2012, and applying to inspections occurring on or after this date.		
<b>Appropriation Summary for FY 2012-2013:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill, as recommended by the Legislative Audit Committee, changes the frequency of performance and equipment audits of auto emission testing facilities. Among other things, it decreases the frequency of overt performance audits and increases the frequency of covert performance audits. It also allows the Department of Revenue (DOR) to conduct additional audits under other conditions.

**Background**

The DOR is responsible for monitoring the activities of automobile emissions inspection and readjustment stations and facilities, to include licensing and compliance auditing of facilities, mechanics, inspectors, and records pursuant to Colorado's Automobile Inspection and Readjustment Program (AIR Program). The AIR Program and the attendant regulation and enforcement efforts carried out by the DOR help ensure the state adheres to federal air quality standards stipulated by the Clean Air Act.

Pursuant to EPA regulations, the DOR is required to conduct three types of audits of emissions testing facilities. These are overt performance audits, covert performance audits and equipment audits.

### **State Revenue**

**This bill is expected to increase state revenue by up to \$89,130 per year beginning in FY 2012-13.** This revenue is generated by the expectation of increased penalties levied on non-compliant facilities under the proposed inspection procedure. Historically, performance inspections account for 90 percent of penalties collected by the department, and this bill increases the number of these inspections. For example, the DOR currently conducts 200 covert performance audits per year, and this bill is expected to increase these audits to 329. Penalty revenue is deposited into the DOR Automobile Inspection and Readjustment (AIR) Account, which is used to support the emissions testing program. As of July 1, 2012, any unexpended funds from the DOR AIR account are transferred to the Highway Users Tax Fund.

### **State Expenditures**

**This bill is expected to increase state expenditures by \$11,712 and 0.2 FTE per year beginning in FY 2012-13.** This bill increases performance audits and is likely to increase audits that are performed among facilities with employees under suspicion of non-compliance. This increase in workload is expected to be performed within existing resources from the AIR account. Therefore, no separate appropriation is required.

### **State Appropriations**

This increase in workload created by provisions in this bill is expected to be performed within existing resources. Therefore, no separate appropriation is required.

### **Departments Contacted**

Public Health and Environment      Revenue