

OFFICE OF FISCAL ANALYSIS

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sSB-1103

AN ACT CONCERNING EMISSIONS AND DECIBEL LEVEL TESTING AND THE TAXATION OF CERTAIN MOTORCYCLES AND PARTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Energy and Environmental Protection	GF - Cost	162,479	164,666
State Comptroller - Fringe Benefits ¹	GF - Cost	25,804	26,707
Department of Motor Vehicles	Auto Emissions Inspection Fund or Transportation Fund - Cost	2,000,000 - 2,500,000	None
Department of Motor Vehicles	Auto Emissions Inspection - Revenue Gain	Up to 60,000	Up to 80,000
Department of Motor Vehicles	GF or TF - Revenue Gain	1,350,000	1,800,000
Department of Motor Vehicles	TF - Revenue Gain	Up to 90,000	Up to 120,000
Resources of the General Fund	GF - Revenue Gain	Minimal	Minimal
State Revenues	GF&TF - Uncertain	See Below	See Below

Note: GF=General Fund; TF=Transportation Fund; GF&TF=General Fund & Transportation Fund

Municipal Impact: None

Explanation

Sections 1 & 2 eliminate the emissions test exemption for

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.

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motorcycles and establish a new noise inspection test for all motor vehicles that are subject to emissions inspection. These sections result in both upfront costs for the Department of Energy and Environmental Protection (DEEP) and the Department of Motor Vehicles (DMV) to establish the program as well as ongoing inspection and late fee revenue, as described below.

The bill requires DEEP to provide specific technical information to DMV on 1) motorcycle emission control features and equipment and 2) motor vehicle noise inspections, resulting in costs of up to \$100,000 in both FY 22 and FY 23 for a consultant and costs of \$88,283 in FY 22 and \$91,373 in FY 23 for one new Environmental Analyst (inclusive of fringe benefits). These costs are based on similar consultant services provided to DEEP for noise impact assessments as well as on the requirement to furnish technical standards for testing motorcycle emissions because, unlike for light-duty vehicles, federal government regulations do not provide these standards for motorcycles.

The bill results in a cost to DMV of between \$2,000,000 and \$2,500,000 in FY 22 to purchase the requisite decibel testing equipment and to modify the department's information technology systems. It is uncertain whether these costs would be funded through the Auto Emissions Inspection Fund (emissions test revenue) or the STF (DMV's primary funding source).

The bill permits DMV to establish two new fees, including 1) a fee of up to \$20 for each motorcycle emissions test, resulting in a revenue gain of up to \$60,000 in FY 22 and \$80,000 in FY 23 for the Auto Emissions Inspections Fund and 2) an additional fee of up to \$20 for each noise inspection, resulting in a revenue gain of approximately \$1,350,000 in FY 22 and \$1,800,000 in FY 23.² The bill does not specify the fund where the noise inspection fee would be deposited.

The bill also requires DMV to assess a \$20 fee for late motorcycle

² Most of the current \$20 emissions fee is retained by DMV's emissions contractor to cover costs of the program. The estimates shown here reflect DMV's share of the fee and is based on registration and emissions data provided by the department.

emissions reinspection. Assuming a comparable percentage of late fees for motorcycles as DMV has experiences for current passenger vehicles, this is anticipated to result in revenue gain of up to \$90,000 in FY 22 and up to \$120,000 in FY 23 for the STF.

Section 3 creates new infractions for violating certain noise provisions of the bill and, to the extent that offenders are fined, results in potential minimal revenue.

Section 5 subjects the bill's motorcycle and noise inspection requirements to certain civil penalties that DEEP may adopt through regulation. Existing motor vehicle emissions statutes are currently subject to these penalties; however, because DEEP has not adopted any penalty schedule, this section is not expected to result in a fiscal impact.

Sections 8 & 9 increase to 50% the sales and use tax rate on motorcycles and mufflers that exceed state noise limits. The revenue impact of this provision is uncertain. To the extent the new rate does not affect sales of affected items, there is a revenue gain to the GF and STF. To the extent the increased tax rate results in lower sales volume, there is a revenue loss to the GF and STF.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of vehicles subject to testing, the terms of DMV's emissions administration contract, any civil penalty scheduled adopted by DEEP, or as otherwise described above.