

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB791

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Carrico

3. Committee: Finance

4. Title: Motor vehicle safety inspection; increases charge.

5. Summary: The legislative proposal increases the price of a vehicle safety inspection by \$1 for each category of vehicle and allocates \$0.50 of the additional \$1 to the Department of State Police toward the Department's costs in administering the motor vehicle safety inspection program; the remaining \$0.50 is retained by the inspection station.

6. Budget Amendment Necessary: Yes. Item 414.

7. Fiscal Impact Estimates: Tentative. See 7b and 8.

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2015	0	NGF (non-general)
2016	3,700,000	NGF
2017	3,700,000	NGF
2018	3,700,000	NGF
2019	3,700,000	NGF
2020	3,700,000	NGF
2021	3,700,000	NGF

8. Fiscal Implications:

The proposal increases the motor vehicle inspection fee by \$1.00 for all vehicle categories. Under the proposal, the inspection stations will retain \$.50, and \$.50 will be collected and retained by the Department of State Police (Department) to support its costs in administering the motor vehicle safety inspection program.

Under the current vehicle inspection fee schedule, as outlined in §46.2-1167, the Department collects \$.50 from each vehicle inspection.

In 2013, 7.2 million were inspected in the Commonwealth. The number of inspections for 2014 is estimated to be around 7.8 million and the anticipated inspection revenue that will be transferred to the Department is \$4.0 million. The 2014 data represent estimates as the Department is currently finalizing the vehicle inspections data for 2014, and the audit of final data will be complete in March 2015.

For the revenue projections above, the Department assumes 7.4 million vehicles will be inspected annually. According to the Department, the estimated annual revenue that will be collected as a result of the fee increase by \$1.00 is expected to be \$7.4 million (\$1.00 fee multiplied by 7.4 million number of vehicle inspected). Under the proposal, \$3.7 million (half of the estimated collected fee) will be retained by the inspection stations, and \$3.7 million by the Department to support its costs in administering the motor vehicle safety inspection program.

The bill may have a cost impact on over 40 state agencies. According to the Department of General Services (DGS) FY 2014 State of the Fleet report, there are approximately 14,100 passenger-type state vehicles. Since the number of state vehicles that require safety inspection fluctuates each year, an exact fiscal impact from the increased inspection fee cannot be determined.

According to DGS, of the combined state fleet, the Office of Fleet Management Services (OFMS) has a centralized fleet of approximately 4200 passenger vehicles, which requires approximately 3500 safety inspections per year due. Of the 3500 annual inspections, about 25 percent are performed in-house and 75 percent are performed at retail locations. Therefore, OFMS' net annual vehicle inspection cost will be approximately \$2,975. The resulting cost increase to OFMS would be \$.50 for in-house inspections and \$1.00 for retail inspections, a total of \$3,063. The OFMS also performs approximately 175 inspections per year for cars that are owned by other agencies and are not a part of the centralized fleet, for which \$.50 per inspection, a total of \$88 per year would be retained by OFMS annually. DGS would pass its net cost increase to other state agencies.

9. Specific Agency or Political Subdivisions Affected: Department of State Police, and the Department of General Services.

10. Technical Amendment Necessary: None.

11. Other Comments: None.

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