

Department of Planning and Budget 2019 Fiscal Impact Statement

1. **Bill Number:** HB2068

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

2. **Patron:** Bell, John J.

3. **Committee:** Transportation

4. **Title:** Motor vehicle safety inspection exception for new motor vehicles.

5. **Summary:** Provides that a new motor vehicle's first safety inspection is valid for 24 months from the month of the first inspection. Current law requires re-inspection of all motor vehicles with 12 months of the month of the first inspection. For the purposes of this legislation, a new motor vehicle is defined as any vehicle, excluding trailers, that is in the possession of the manufacturer, factory branch, distributor, distributor branch, or motor vehicle dealer and for which an original title has not been issued by the Department of Motor Vehicles or by the issuing agency of any other state and has less than 7,500 miles accumulated on its odometer.

6. **Budget Amendment Necessary:** Yes. Item 420.

7. **Fiscal Impact Estimates:** Preliminary. See Item 8 below.

8. **Fiscal Implications:** The Department of State Police (VSP) administers aspects of the vehicle safety inspection program, and collects a portion of each vehicle inspection fee to administer the program. Specifically, for motor vehicles, inspection stations may charge a maximum of \$16 per inspection, \$0.50 of which is transmitted to VSP to support the agency's costs in administering the motor vehicle safety inspection program. This bill would permit new vehicle owners to forego a safety inspection for the first 24 months following the initial inspection, rather than the current 12 months.

In 2017, VSP collected revenue from inspection fees for 425,930 new vehicles sold in Virginia, and 158,374 vehicles purchased outside of the Commonwealth. Based on this data, VSP would expect to lose approximately \$292,152 in safety inspection revenue annually as a result of the provisions of this bill.

Additionally, VSP would incur some costs as a result of the provisions of this bill. The agency would need to develop and purchase a new two-year inspection sticker. The agency estimates these stickers would cost \$0.20 each. Stickers for approximately 500,000 vehicles that qualify would cost \$100,000, and an additional \$17,690 would be needed for packaging, shipping, and contract modification fees.

The provisions of this legislation would also require VSP to make modifications to the Motor Vehicle Inspection Program (MVIP), which is a database that is used to track all inspection stickers, sticker orders, inspector and inspection station activities, billing for inspections, retrieving information related to inspections, and producing reports. This database is accessed by inspection stations, individual inspectors, VSP administrative personnel, and law enforcement officers. VSP would need to add a module to accommodate the new vehicle exemptions. The cost to hire a program developer to write code and perform tests on the new system is approximately \$12,915. This bill would also require server upgrades to accommodate the modifications and billing interface changes. According to VSP, the costs to perform the server upgrades are indeterminate at this time.

According to the Department of Motor Vehicles (DMV), there is no anticipated fiscal impact on its operations as a result of this proposed legislation.

9. Specific Agency or Political Subdivisions Affected: Department of State Police, Department of Motor Vehicles.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is a companion to HB2209.