

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 13, 2009
POSITION: Oppose

BILL NUMBER: SB 435
AUTHOR: F. Pavley

BILL SUMMARY: Smog Check Program: Motorcycles

This bill would require the Department of Consumer Affairs (DCA), Bureau of Automotive Repair (BAR) to establish a smog inspection program for specified motorcycles beginning January 1, 2012.

FISCAL SUMMARY

The BAR estimates costs ranging from \$1,650,000 to \$2,800,000 Vehicle Inspection and Repair Fund (VIRF) to develop and implement the program. These costs are largely one-time in nature and do not include cost pressures related to consumer inquiries related to testing a new class of vehicles or financial assistance through the Consumer Assistance Program for consumers that fail their smog inspection.

The Department of Motor Vehicles (DMV) would incur one-time costs of \$900,000 to \$1 million and on-going costs of \$500,000 to alter the vehicle registration process to identify eligible motorcycles for smog check notification. These costs would be reimbursed by the BAR from the VIRF, similar to the existing smog check program structure.

The Air Resource Board (ARB) indicates that its cost would be minor and absorbable.

The BAR estimates that approximately \$2.5 million in increased revenue would be generated each year beginning in January 2012 by the \$8.25 smog certificate fee that would be charged to an estimated 300,000 motorcycle owners annually. VIRF fee revenues are used to develop and implement the biennial motor vehicle emissions inspection program with the state including testing, repair, and quality assurance components.

COMMENTS

The Department of Finance is opposed to this bill because it would impose upfront operating costs on the BAR and the DMV for which no funding is provided. The bill would require program development and information technology costs to add motorcycles to the smog check program beginning in 2009-10; however, the revenue from this program would not begin until January 1, 2012. In addition, this measure requires smog inspections for a classification of motorcycles that can not be easily determined by existing DMV registration data. Although, federal law requires certain information in the Vehicle Identification Number (VIN) to help determine the class of a vehicle, it may not be possible because some manufactures do not have this data imbedded in their VIN.

Existing law establishes a motor vehicle inspection and maintenance program (smog check), administered by the DCA and the ARB. This program provides for the inspection of vehicles that are more than six model years old and manufactured after 1976. Existing law exempts motorcycles from these requirements, until the DCA implements test procedures applicable to motorcycles. These procedures have not been developed. This bill would require a smog inspection program by January 1, 2012 for "Class III" motorcycles that are a 2000 model-year or newer. This bill would also require the BAR, in cooperation with the ARB, to develop regulations by July 1, 2011.

Analyst/Principal Date Program Budget Manager Date
(0240) K. Shelton Todd Jerue

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

**BILL NUMBER**

F. Pavley

April 13, 2009

SB 435

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP	2008-2009		2009-2010		2010-2011		
	RV	98	FC	FC	FC	FC			
1111/ConAfr-BurPg	SO	No	--	--	C	\$1,650 - 2,800		0421	
2740/DMV	SO	No	--	--	C	\$900 - 1,000		0421	
3900/Air Res Bd	SO	No	----- No/Minor Fiscal Impact -----						0044
1256/Othr Reg Fee	RV	No	----- See Fiscal Summary -----						0421

<u>Fund Code</u>	<u>Title</u>
0044	Motor Vehicle Account, STF
0421	Vehicle Inspection and Repair Fund