

# **Small Business Regulatory Fairness Board**

## **Small Business Impact Statement**

**Date:** 9/3/2021

**Rule Number:** 10 CSR 10-5.381, Onboard Diagnostics Motor Vehicle Emissions Inspection

**Name of Agency Preparing Statement:** Missouri Department of Natural Resources

**Name of Person Preparing Statement:** Paul Myers

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**Name of Person Approving Statement:** Stephen M. Hall, director, Air Pollution Control Program

**Please describe the methods your agency considered or used to reduce the impact on small businesses** *(examples: consolidation, simplification, differing compliance, differing reporting requirements, less stringent deadlines, performance rather than design standards, exemption, or any other mitigating technique).*

The purpose of this rulemaking is to remove the Gateway Vehicle Inspection Program (GVIP) requirements for motor vehicle owners residing in Franklin County from the rule's applicability effective July 1, 2022. Eliminating Franklin County from the requirements of this rule corresponds with Missouri's State Implementation Plan (SIP) revisions addressing changes in designations to the St. Louis area of Missouri for the 2015 8-hour ozone National Ambient Air Quality Standards (NAAQS).

The Department performed mobile modeling evaluations of the St. Louis area for the 2019 Inspection and Maintenance (I/M) Plan Revision to evaluate the effect of removing GVIP from Franklin and Jefferson counties. Based on the analyses, the removal of GVIP in Franklin and Jefferson counties will not interfere with attainment or maintenance of the NAAQS for any of the six criteria pollutants. The reclassification of Jefferson County to nonattainment makes it necessary to continue implementing the inspection and maintenance program in Jefferson County as required by the Clean Air Act.

The benefit of this proposed amendment is the removal of an unnecessary and burdensome requirement for residents and small businesses of Franklin County.

**Please explain how your agency has involved small businesses in the development of the proposed rule.**

The Missouri Department of Natural Resources' Air Pollution Control Program developed the proposed rulemaking in response to the 2015 ozone NAAQS designation of Franklin and Jefferson counties as attainment. The Department considered input and comments received during the 2019 I/M Plan Revision process in developing this rulemaking.

The Department posted a Regulatory Impact Report, draft rule text, and a technical support document on the program website available for public comment for 60 days. In addition, the normal rule amendment process will be followed: publication in the Missouri Register opening the formal public comment period, public hearing, Missouri Air Conservation Commission adoption, order of rulemaking published in the Missouri Register, and publication in the Code of State Regulations.

Small businesses will have the opportunity to comment on the proposed rulemaking at least 30 days prior to the public hearing, scheduled for March 25, 2021, and up to 7 days after the public hearing. Any comments received prior to the close of the public comment period will be considered and addressed in the final Order of Rulemaking.

**Please list the probable monetary costs and benefits to your agency and any other agencies affected. Please include the estimated total amount your agency expects to collect from additionally imposed fees and how the moneys will be used.**

There is an anticipated costs to the agency and to other agencies for the proposed amendment. State agencies that operate vehicles in Franklin County will no longer be required to have those vehicles tested. That is a yearly savings to those state agencies of \$1,800. The Department of Natural Resources will not collect a portion of the \$24 fee that is used to fund GVIP staff salaries nor the \$100 annual relicensing fee. That amount is estimated to be \$30,043 annually.

Affected Agency or Political Subdivision	Estimated Cost of Compliance in the Aggregate
Department of Natural Resources – portion of \$24.00 inspection fee	(\$25,543)
Department of Natural Resources – annual \$100 licensing fee	(\$4,500)
<b>YEARLY TOTAL FEES LOST:</b>	<b>(\$30,043)</b>
Government vehicle fleet – 240 vehicles	\$1,800
<b>YEARLY TOTAL SAVINGS:</b>	<b>\$1,800</b>
<b>YEARLY NET CHANGE:</b>	<b>(\$28,243)</b>

The projected Department revenue impacts are detailed in the fiscal notes accompanying the proposed rulemaking.

**Please describe small businesses that will be required to comply with the proposed rule and how they may be adversely affected.**

Removing Franklin County from GVIP requirements will affect the inspection stations or auto repair shops, those that perform the inspections and those that repair failing equipment. In addition, the rule change affects the I/M contractor. The inspection stations and the contractor will see a loss of revenue resulting from this rule amendment. The projected loss to those private entities is approximately \$675 thousand dollars annually.

**Please list direct and indirect costs (in dollars amounts) associated with compliance.**

The predicted economic result of removing Franklin County from the I/M program is shown in the fiscal note for private entities. The change in the I/M program affects private vehicle owners, inspection stations, auto repair shops, and the I/M contractor. Vehicle owners residing in Franklin and Jefferson counties will no longer be required to pass emission testing to register their vehicles, saving each vehicle owner \$24 every other year. In addition, those vehicle owners not passing their initial emission test, will not be required to undergo emission related repairs that typically cost approximately \$350. The inspection stations in those counties will no longer be required to pay the \$100 annual renewal fee. The total of those savings is predicted to be approximately \$706 thousand dollars annually.

The inspection stations, auto repair shops, and the contractor will see a loss of revenue resulting from this rule amendment. The projected loss to those private entities is approximately \$675 thousand dollars annually.

Estimate of the number of entities by class which would likely be affected by the adoption of the proposed rule action:	Classification by types of the business entities which would likely be affected:	Estimate in the aggregate as to the cost of compliance with the proposed rule action by the affected entities:
21,647	Franklin County – privately owned vehicles 1996/1997 to 2020 gasoline and diesel	\$519,528
520	2.4% failure rate for vehicle inspections – typical repair cost	\$182,000

50	Licensed Emission Stations Annual \$100 Licensing Fee <sup>4</sup> –Franklin County	\$4,500
<b>YEARLY TOTAL SAVINGS:</b>		<b>\$706,028</b>
50	Licensed Emissions Stations – revenue decrease (Franklin County)	(\$465,410)
8	Repair stations located in Franklin County	(\$182,000)
1	Worldwide Environmental Products Inc. (WEP) – contractor	(\$28,574)
<b>YEARLY TOTAL REVENUE LOST:</b>		<b>(\$675,984)</b>
<b>YEARLY NET CHANGE:</b>		<b>\$30,044</b>

The projected private entity revenue impacts are detailed in the fiscal notes accompanying the proposed rulemaking.

**Please list types of business that will be directly affected by, bear the cost of, or directly benefit from the proposed rule.**

The rule requires emissions equipment testing of 1996 and newer gas-powered vehicles and 1997 and newer diesel-powered vehicles, 8,500 pounds or less gross vehicle weight rating registered in the St. Louis nonattainment area. Removing Franklin County from GVIP requirements will affect the inspection stations and auto repair shops, those that perform the inspections and those that repair failing equipment. In addition, the rule change affects the I/M contractor.

The inspection stations, auto repair shops, and the contractor will see a loss of revenue resulting from this rule amendment. The projected loss to those private entities is approximately \$675 thousand dollars annually. The benefit of this proposed amendment is the removal of an unnecessary and burdensome requirement for residents of Franklin County. Any small business that owns or operates vehicles currently subject to the rule for Franklin County will benefit from this rulemaking by no longer being required to undergo the bi-annual emissions inspection to register their company vehicles.

**Does the proposed rule include provisions that are more stringent than those mandated by comparable or related federal, state, or county standards?**

Yes ☐

No ☒

**If yes, please explain the reason for imposing a more stringent standard.**

*For further guidance in the completion of this statement, please see [§536.300, RSMo.](#)*