

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4510S.02I
Bill No.: SB 1033
Subject: Agriculture; Licenses - Motor Vehicle; Motor Vehicles; Transportation; Air Quality; Environmental Protection; Department of Natural Resources; Federal - State Relations; Department of Transportation
Type: Original
Date: January 16, 2026

Bill Summary: This proposal exempts certain farm vehicles from emissions inspection requirements.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$127,726)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$127,726)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Air Emission Reduction Fund (1267)*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

*Oversight assumes the Unknown loss of emissions inspection fees will be less than \$250,000

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal Highway Funds*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight notes the loss of federal funds due to noncompliance could be substantial and more than \$250,000.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§643.315 – Emissions Inspections for Farm Vehicles Over Ten Years Old

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

To implement the proposed legislation the department will be required to:

- Update procedures, forms, and correspondence
- Updates to system(s)
- Update Department website
- Send communications to contracted license offices and other contracted stakeholders
- Train internal and contract license office staff

FY 2027 – Motor Vehicle Bureau

Associate Research/Data Analyst 30 hrs. @ \$31.16/hr. = \$935

Research/Data Analyst 20 hrs. @ \$37.14/hr. = \$743

Administrative Manager 10 hrs. @ \$51.40/hr. = \$514

FY 2027 – Systems Analysis & Support

Associate Research/Data Analyst 393 hrs. @ \$31.16/hr. = \$12,246

Research/Data Analyst 98 hrs. @ \$37.14/hr. = \$3,640

Administrative Manager 49 hrs. @ \$51.40/hr. = \$2,519

FY 2027 – Strategy & Communications Office

Associate Research/Data Analyst 40 hrs. @ \$31.16/hr. = \$1,246

Research/Data Analyst 20 hrs. @ \$37.14/hr. = \$743

Total = \$22,586

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

FUSION Impact

DOR notes 80 hours of testing and development @ \$225/hr. = **\$18,000**

DOR notes OA-ITSD services will be required at a cost of **\$109,726** in FY 2027 (1,045 hours x \$105 per hour).

The fiscal impact estimated above is based on changes in the current Department's Motor Vehicle and Driver Licensing system environment. The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the general assembly in 2020 (Senate Bill 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD and FUSION costs on the fiscal note.

Revenue Impact

DOR notes, regarding the removal of emissions inspections, the Motor Vehicle Bureau does not project a change in revenue. The Department defers to the Department of Natural Resources for any federal compliance conflicts.

Officials from the **Missouri Department of Transportation (MoDOT)** assume the requirement for vehicle emissions inspections is a control measure, cited in the Missouri DNR State Implementation Plan (SIP), to reduce pollution.

If this exception is established and vehicle emissions testing is not met according to federal regulations, the SIP would have to be amended to remove this control measure. In order to stay within federal compliance with the Clean Air Act, some other pollution control mechanism would need to replace it. If pollution control goals are impeded, MoDOT could face the possibility of having discretionary funding prescribed for projects that have pollution reduction benefits sometime in the future, or even withheld completely. The redirection of federal funding to pollution reduction could affect other MoDOT projects, therefore, creating an unknown negative fiscal impact on MoDOT's program delivery program. According to MoDOT's 2025 Financial Snapshot, the State received over \$1.5 billion in federal revenues. At the discretion of the U.S. Environmental Protection Agency, up to all federal highway funding could be redirected or restricted, not just the federal dollars spent in the non-attainment area of the state.

Oversight assumes this proposal could impact federal funding if Missouri is found to be out of compliance; therefore, Oversight will reflect a \$0 or "Unknown" loss to federal highway funds.

Officials from the **Department of Natural Resources (DNR)** state the Gateway Vehicle Inspection Program (GVIP) is the state's program for administering the Clean Air Act mandated emission inspections for vehicles registered in the St. Louis area. Emission tests are required for motor registration renewals every two years and also between most ownership transfers. The fee for the emissions test is \$24, of which \$2.50 is paid to the State.

The proposed bill will exempt a new category of vehicles from the requirement to obtain a passing emission inspection before vehicle registration renewal. This new category of vehicles to

be exempted through the bill are motor vehicles over ten years old that are registered as local commercial motor vehicles used for farm or farming transportation operations, as described in §301.010, or that are otherwise defined as covered farm vehicles under federal laws and regulations.

The bill text at §643.315.2(13) would add a new exemption for emission inspections for motor vehicles over ten years old that are registered as local commercial motor vehicles used for farm or farming transportation operations. The bill would result in fewer required emission inspections for vehicles in the area, which would reduce fees collected by the state. According to Missouri Department of Natural Resource's data from 2023 and 2024, there were an average of approximately 330,000 vehicles that got an emissions inspection each year in the St. Louis area and that had model years that were ten years old or older. However, the number of these vehicles that would also meet the new exemption criteria based on classification as a farm vehicle is unknown. Therefore, the projected reduction in fee revenue that would result from the new exemption is also **unknown**.

The vehicle emission inspection program is a required program under the Federal Clean Air Act (CAA) and is part of Missouri's EPA-approved State Implementation Plan (SIP) to address ozone nonattainment status in the St. Louis area. EPA is obligated by the Clean Air Act to approve or disapprove all revisions to the SIP. The CAA also includes an anti-backsliding provision at CAA Section 110(l), which prevents EPA from approving any revision to the SIP that would interfere with attainment or reasonable further progress towards attainment with respect to any federal outdoor air quality standard.

If this bill is enacted, the department would need to revise the state's rule for the emission inspection program (10 CSR 10-5.381) and then submit that rule change as a SIP revision for EPA approval along with a demonstration showing that the new exemption would not conflict with the Clean Air Act's anti-backsliding provisions. The team member time needed to develop the rulemaking and demonstration is estimated at 750 hours for an Environmental Program Specialist position. This would be a one-time cost to the department of **\$31,163**. The department anticipates being able to absorb these costs. However, until the FY 2027 budget is final, the department cannot identify specific funding sources.

Fiscal Impact Summary

The projected reduction in fee revenue to fund 1267 (Air Emission Reduction Fund) that would result from the new exemption is unknown.

Salary for Environmental Program Specialist to author rule and anti-backsliding demonstration: 750 hr @ \$41.55/hr = \$31,163 (based on an annual salary of \$86,434 not including fringe and indirect). The department anticipates being able to absorb these costs. However, until the FY 2027 budget is final, the department cannot identify specific funding sources.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DNR. Oversight will reflect an "Unknown" loss to the Air Emission

Reduction Fund for the loss of fees due to farm vehicles not being required to have an emissions inspection. Oversight assumes this loss will be less than \$250,000.

Oversight notes there was a balance of \$1,920,987 in the Air Emission Reduction Fund as of December 31, 2025.

Officials from the **Missouri Highway Patrol** defer to DNR for the potential fiscal impact of this proposal.

<u>FISCAL IMPACT – State Government</u>	<u>FY 2027 (10 Mo.)</u>	<u>FY 2028</u>	<u>FY 2029</u>
GENERAL REVENUE			
<u>Cost – DOR (§643.315) FUSION p.3</u>	<u>(\$18,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Cost – DOR (§643.315) OA-ITSD p.3</u>	<u>(\$109,726)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$127,726)</u>	<u>\$0</u>	<u>\$0</u>
AIR EMISSION REDUCTION FUND (1267)			
<u>Loss – DNR (§643.315) Emissions inspection fees not required for exempted farm vehicles p.5</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE AIR EMISSION REDUCTION FUND (1267)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
FEDERAL HIGHWAY FUNDS*			
<u>Loss – MoDOT (§643.315) Potential loss of funds if Missouri is found to be out of compliance p.4</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL HIGHWAY FUNDS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

*Oversight notes the loss of federal funds due to noncompliance could be substantial.

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small farming operations could be impacted as a result of this proposal.

FISCAL DESCRIPTION

This act provides that motor vehicle emissions inspection requirements shall not apply to motor vehicles over 10 years old that are registered as local commercial vehicles and used for farm or farming transportation operations, or that are otherwise defined as "covered farm vehicles" under federal law.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Natural Resources
Missouri Department of Transportation
Missouri Highway Patrol



Julie Morff
Director
January 16, 2026



Jessica Harris
Assistant Director
January 16, 2026