

Office of Regulatory Management

Economic Review Form

Agency name	State Air Pollution Control Board
Virginia Administrative Code (VAC) Chapter citation(s)	9VAC5-91
VAC Chapter title(s)	Regulation for the Control of Motor Vehicle Emissions in the Northern Virginia Area
Action title	Amend program coordinator fee in accordance with 2024 Acts of Assembly Chapter 634 (Revision MS)
Date this document prepared	
Regulatory Stage (including Issuance of Guidance Documents)	Exempt final

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>There is one direct cost associated with this amendment: the increase of the inspection and maintenance (I/M) program coordinator fee cap per testing station per year from \$3,500 to \$5,000 in accordance with state law (VA 2024 Acts of Assembly Chapter 634).</p> <p>The primary purpose of the I/M program is to reduce the creation of ground-level ozone (smog) pollution in the Northern Virginia Ozone Nonattainment Area, which is the mostly densely populated portion of the Commonwealth and the most directly affected by the negative health and welfare effects of ozone. Participation in the I/M program is mandated by federal law (§§ 110 (a) and 182 of the federal Clean Air Act as implemented through Subpart S of 40 CFR Part 51) and state law (Code of Virginia §§ 46.2-1176 through 46.2-1187.3).</p> <p>The role of program coordinator was created by statute in 2012 (see VA 2012 Acts of Assembly Chapter 824) with an original fee limit of \$3,500. The purpose of the program coordinator is to provide and maintain inspection stations as defined in § 46.2-1176 with equipment required for a station to provide inspections and to be reimbursed every year from each inspection station for each set of required equipment for the provision and maintenance of such equipment by the program coordinator. Prior to the program manager legislation, inspection stations were responsible for purchasing and servicing their own equipment, which amounted to a base purchase cost of roughly \$14,000-15,000 per unit plus a yearly maintenance cost of about \$4,000-6,000 per year. The program manager program is therefore considered to be an effective means of managing program costs.</p> <p>Program coordination in Virginia has been managed by Opus Inspection, a company that designs, builds, and operates emission testing programs in states and counties across the U.S., tailored to local requirements, since March 2014. Opus will be able to start collecting the new fees by July 1, 2024. Opus bills stations directly on quarterly basis.</p> <p>Currently, there are 527 emissions inspection stations located in northern Virginia as shown in the following table:</p> <table border="1" data-bbox="490 1633 1398 1860"> <thead> <tr> <th>Station Category</th> <th>Number of facilities</th> </tr> </thead> <tbody> <tr> <td>Dealership New</td> <td>98</td> </tr> <tr> <td>Dealership Used</td> <td>6</td> </tr> <tr> <td>Service/Gas Station</td> <td>175</td> </tr> </tbody> </table>	Station Category	Number of facilities	Dealership New	98	Dealership Used	6	Service/Gas Station	175
Station Category	Number of facilities								
Dealership New	98								
Dealership Used	6								
Service/Gas Station	175								

	Repair Shop	232
	Private Fleet (<i>Such as Washington Gas and Verizon</i>)	6
	Government Fleet/Local Jurisdictions	10
	Total	527
<p>Assuming that Opus charges the full \$5,000/year fee per station, this amounts to an increase paid to Opus to manage the program of \$790,500.00/year (527 x \$1500). A number of these stations would likely be considered to be small businesses; however, the small business status of those facilities is unknown, as DEQ has no way of tracking that data. Also note that participation in the I/M program by a station is voluntary.</p> <p>There may be an indirect benefit of general program efficiency and effectiveness, and the ability to better meet federal Clean Air Act requirements for motor vehicles in addition to general requirements to attain and maintain the National Ambient Air Quality Standards (NAAQS). Meeting the NAAQS in northern Virginia will not only improve public health and welfare, but also help to enable the area to redesignate from nonattainment to attainment/maintenance, with concurrent benefits to businesses seeking to locate in the area.</p>		
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) None.	(b) None.
(3) Net Monetized Benefit	None.	
(4) Other Costs & Benefits (Non-Monetized)	None.	
(5) Information Sources	Department of Planning and Budget 2024 Session Fiscal Impact Statement for <u>House Bill 213</u> , DEQ I/M database, I/M staff discussion	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here. If the regulation is not amended as mandated by state law, no increase to the program coordinator fee will be realized. Note that the fee has hitherto been unchanged since 2012--12 years ago.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. See Table 1a.</p>
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	<p>Direct Benefits: Describe the direct benefits of this proposed change here. See Table 1a. Indirect Benefits: Describe the indirect benefits of the proposed change. See Table 1a.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) See Table 1a.	(b) See Table 1a.
(3) Net Monetized Benefit	See Table 1a.	
(4) Other Costs & Benefits (Non-Monetized)	See Table 1a.	
(5) Information Sources	See Table 1a.	

Table 1c: Costs and Benefits under Alternative Approach(es)

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here. The regulatory action is required by state statute and leaves no discretion in its implementation. Indirect Costs: Describe the indirect costs of the proposed change. Direct Benefits: Describe the direct benefits of this proposed change here. Indirect Benefits: Describe the indirect benefits of the proposed change.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)		
(5) Information Sources		

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>Direct Costs: Describe the direct costs of this proposed change here. As notes in Table 1a, a number of stations are operated by local government fleets, and the fee increase would likely affect those 10 stations. Otherwise, the regulation being amended applies to any affected motor vehicle in the Northern Virginia Ozone Nonattainment Area and as such has no direct or special impact on any local partners. Therefore, the only direct costs to a local partner not operating an inspection station would be no different to any other owner of an affected vehicle.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. See Table 1a.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. See Table 1a.</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. See Table 1a.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p>	<p>Direct & Indirect Benefits</p>
	<p>(a) See Table 1a.</p>	<p>(b) See Table 1a.</p>
<p>(3) Other Costs & Benefits (Non-Monetized)</p>	<p>See Table 1a.</p>	
<p>(4) Assistance</p>	<p>See Table 1a.</p>	
<p>(5) Information Sources</p>	<p>See Table 1a.</p>	

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>Direct Costs: Describe the direct costs of this proposed change here. The regulation being amended applies to any affected motor vehicle in the Northern Virginia Ozone Nonattainment Area and as such has no direct or special impact on any families. Therefore, the only direct costs to a family would be no different to any other owner of an affected vehicle.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. See Table 1a. There may be indirect costs to families depending on their proximity to an inspection station, and whether that station continues to conduct inspections as a result of the fee increase.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. See Table 1a.</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. See Table 1a.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs (a) See Table 1a.</p>	<p>Direct & Indirect Benefits (b) See Table 1a.</p>
<p>(3) Other Costs & Benefits (Non-Monetized)</p>	<p>See Table 1a.</p>	
<p>(4) Information Sources</p>	<p>See Table 1a.</p>	

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>Direct Costs: Describe the direct costs of this proposed change here.</p> <p>Opus, which manages Virginia's I/M program, is a multinational corporation that employs about 2,600 people; it is not a small business. As discussed in Table 1a, it is not possible to readily identify the number of affected facilities that qualify as a small business under <u>Virginia law</u>.</p> <p>While the larger facilities that perform enough inspections to cover costs will likely be able to absorb the fee increase, there may be direct costs to small businesses depending on how many inspections they conduct, and what percentage of their overall</p>
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	<p>business depends on vehicle inspections. Each privately owned station that qualifies as a small business will have different reasons for continuing or discontinuing inspections under the new fees, depending on individual business models and personal preferences and needs.</p> <p>The fiscal impact to the potentially affected small businesses subject to the new fee will be an additional \$1,500/year. Note that the fee covers the management and operation of the inspection facility, and may be seen as a reasonable cost of being able to continue to do business given equipment wear and tear, salaries, time and materials costs, maintenance costs, etc., as discussed further in Table 1a.</p> <p>The regulation being amended applies to any affected motor vehicle in the Northern Virginia Ozone Nonattainment Area and as such has no direct or special impact on any small business with respect to the need to obtain an emissions inspection</p> <p>Indirect Costs: Describe the indirect costs of the change. See Table 1a.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. See Table 1a.</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. See Table 1a.</p>	
(2) Present Monetized Values	Direct & Indirect Costs (a) See Table 1a.	Direct & Indirect Benefits (b) See Table 1a.
(3) Other Costs & Benefits (Non-Monetized)	See Table 1a.	
(4) Alternatives	See Table 1a.	
(5) Information Sources	See Table 1a.	

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	3	0	0	0
	(D/R):	0	0	0	0
Grand Total of Changes in Requirements:					(M/A): 0
					(D/A): 0
					(M/R): 0
					(D/R): 0

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
N/A				

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden
N/A		

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Word Count	New Word Count	Net Change in Word Count
N/A			

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).

