

SUBJECT: Consolidating the motor vehicle inspection and registration systems

COMMITTEE: Transportation — committee substitute recommended

VOTE: 10 ayes — Phillips, Martinez, Burkett, Fletcher, Guerra, Harper-Brown, Lavender, McClendon, Pickett, Riddle

0 nays

1 absent — Y. Davis

WITNESSES: For — Robert Kent, North Texas Commission; Jerry Kitchens, Dallas County Emission Task Force; Ed Martin, Lube Center Management doing business as Mobile 1 Lube Express; Michael Nowels, Texas State Inspection Association; (*Registered, but did not testify:* Brent Connett, Texas Conservative Council)

Against — None

On — John Ames, Dallas County Tax Office; RenEarl Bowie, Texas Department of Public Safety (DPS); Michael Morris, North Central Texas Council of Governments; (*Registered, but did not testify:* James Bass, Texas Department of Transportation; Dennis Dobias, DPS; Randy Elliston, Texas Department of Motor Vehicles; Donna Huff, Texas Commission on Environmental Quality)

BACKGROUND: Texas requires a motor vehicle to display proof of both registration and annual inspection in the form of a registration insignia regulated by the Texas Department of Motor Vehicles (DMV) and an inspection certificate or sticker regulated by the Texas Department of Public Safety (DPS).

DIGEST: CSHB 2875 would consolidate motor vehicle registration and annual inspection into one system, with the registration sticker providing proof of both registration and inspection. The bill also would create an electronic database of vehicle inspections maintained by DPS and would revise offenses applying to inspection certificate display and issuance to apply to the new system created under the bill.

DPS vehicle inspection database. The bill would require DPS to

maintain an electronic database to which inspection stations could electronically submit inspection reports in place of requiring DPS to provide inspection certificates and verification forms. The database would include a record of an inspection including the vehicle identification number, whether the vehicle passed inspection, and any additional information DPS would require. DPS would adopt procedures for submitting reports to the inspection database, including inspections of mopeds.

If an inspected vehicle was found in proper and safe condition, an inspection station or inspector would be required to submit a passing report to the DPS inspection database.

The bill would prohibit an inspection station or inspector from submitting a passing inspection report unless the owner or operator provided evidence of financial responsibility. Inspection stations would have immunity from liability for submitting a passing report to the database that relied on falsely furnished evidence of financial responsibility.

Fee for inspection. Inspection stations could charge a maximum of \$17.50 for a motor vehicle safety and emissions inspection. The stations would post the cost for an inspection in a public area. An inspection station would have to provide written notice to the Public Safety Commission if its fee exceeded the recommended maximum. If the commission determined that an inspection fee was not reasonable, the commission could require the inspection station to reduce the fee. The bill would require a political subdivision or state agency for which DPS certified an inspection station to pay \$5.50 to the state for each inspection, but not the remainder of the fee.

DPS would set a fee of \$21.50 fee, or more, for an initial two-year inspection of passenger cars or light trucks, based on the cost of providing inspections and administering the program. Out of this fee, the state would receive \$14.75. Out of each fee for inspection of a commercial motor vehicle, DPS would receive \$10. Each fee would be remitted to the comptroller instead of collected by DPS.

DMV or a county assessor-collector that registered a motor vehicle subject to an inspection fee would collect the portion of the inspection fee that would be remitted to the state at the time of registration, to be remitted to the comptroller.

Inspection certificates. The bill would redefine “inspection certificate” to mean a report from DPS or an authorized agent of DPS and issued by an inspector or an inspection station for a vehicle that passed the required safety and, if applicable, emissions inspections.

DPS would require an inspection station by rule to issue an inspection certificate to the owner or operator of each vehicle that passed an emissions inspection at the station. The bill would allow DPS to adopt rules regarding the issuance, format, and safekeeping of the certificates. The bill would require DPS to provide inspection stations with equipment and supplies necessary to issue certificates. An inspection certificate issued under the bill would become invalid after a year.

The bill would remove references to “inspection stickers” and would replace them with references to “inspection certificates” in Health and Safety Code, sec. 382.220(b) and (d) governing local air quality initiatives. The bill would also remove references to a sticker-based vehicle emissions inspection enforcement system in sec. 502.047, Transportation Code. The bill would also remove or revise references in the code to the provision, display and disposition of inspection certificates or inspection verification forms, as applicable.

Motor vehicle registration and insignia. DMV or the county assessor-collector would have to verify that a vehicle had a passing report in the DPS inspection database before registering a vehicle. If the database was not available, the vehicle owner could present an inspection certificate issued for the vehicle. The bill would remove multi-year registration for commercial fleets of motor vehicles.

A vehicle owner would have to obtain an annual inspection within 90 days before the date their vehicle registration was set to expire.

The bill would require DMV and DPS to agree on how DPS would submit inspection compliance information to DMV. DPS could no longer require an inspection station to pre-purchase inspection certificates from the state's website.

The bill would require vehicle registration insignia to be attached to the lower left corner of the inside of the vehicle’s windshield, if the vehicle had a windshield, in a manner that would not obstruct the vision of the

driver.

Offenses. The bill would revise offenses relating to display or issuance of an inspection certificate to apply instead to inspection reporting. The bill also would change inspection offenses to reflect the bill's changes relating to a registration-based system of enforcement.

Enforcement. The bill would prohibit vehicle registration if the vehicle owner did not have proof of inspection. DMV and DPS would work together to ensure compliance with the motor vehicle inspection requirements through a vehicle registration-based enforcement system.

DPS could revoke or suspend an inspector or inspection station's certification in the following cases:

- for offenses involving both counterfeit safety inspection certificates and counterfeit emissions inspection certificates;
- if the inspector or inspection station submitted a report to the inspection database that presented a threat to public health, safety, or welfare;
- if an inspector or inspection station submitted a report without authorization, without inspecting the vehicle; or
- if they submitted a passing report to the database when the vehicle would not have passed an inspection.

Junked vehicles. The bill would remove display of an invalid motor vehicle inspection certificate or lack of an inspection certificate from the definition of a junked vehicle.

Repealers. The bill would repeal various provisions, including requiring an investigating officer to remove the inspection sticker from the windshield of a vehicle that was so damaged it needed repair before being reinspected; requiring an inspection sticker be attached to or produced for a vehicle, including a motorcycle or moped, relating to lost, stolen, or destroyed inspection certificates; prohibiting a person from operating a motor vehicle without an inspection certificate; defining an inspection certificate; making it a Class B misdemeanor offense to display a fictitious inspection certificate; and allowing a court to dismiss a charge of driving with an expired inspection certificate and assess an administrative fee.

The bill would also remove the following provisions:

- prohibiting a parking facility owner from removing a vehicle because it did not display a valid vehicle inspection certificate;
- requiring payment of an administrative fee for the charge of driving with an expired inspection certificate; and
- a provision prohibiting public institutions of higher education from issuing a motor vehicle permit to a student without a current inspection certificate.

Effective dates. Changes to offenses under the bill would apply only to those committed on or after January 1, 2015. DPS would have to create the database and require inspection stations to submit the information required by the bill to the database by January 1, 2014. Provisions applying to agency rule-making, database creation, and database submissions under the bill would take effect September 1, 2013.

Except as otherwise provided, the bill would take effect January 1, 2015.

**SUPPORTERS
SAY:**

CSHB 2875 would benefit drivers, law enforcement, and inspection providers by consolidating the state's registration and inspection systems as recommended by the Consolidated Inspection and Registration System Study. By requiring only one sticker as evidence of both registration and inspection, the bill would save the state money and improve compliance with the law.

Despite the upfront costs to implement the program, the costs would decline exponentially in the future and the state would end up saving money in the long run.

For one thing, Texas would save an estimated \$2 million a year by implementing the single-sticker system. The state also would gain by having higher compliance rates. Other states with registration-based enforcement have seen their compliance rates increase as much as 23 percent. Drivers would have an easier time remembering one date for inspection and registration, which would improve driver compliance and eliminate the practice of stretching an annual vehicle inspection to last longer than 12 months.

The bill also would free up DPS resources to focus on enforcement and would lower the risk for abuse of the inspection system. Law enforcement

could look up vehicle inspection records at the same time they accessed vehicle registration and insurance information.

The new system could limit inspection sticker counterfeiting, which is a real problem under current law, with thousands of counterfeit stickers confiscated each year. By no longer requiring stations to pre-purchase stickers from the state, the bill would eliminate advanced payments by the inspection station, remove the incentive for inspection stations to sell stickers without an inspection, and eliminate sticker theft.

In addition to having their inspection records saved in a database for access by DMV for vehicle registration, drivers would still have the assurance afforded by being issued a physical inspection report.

By removing multi-year commercial fleet registration, the bill would ensure that all vehicles were registered and inspected annually. Removing multi-year fleet registration would have a minimal impact on the industry, affecting only 11 companies with about 10,000 vehicles.

**OPPONENTS
SAY:**

CSHB 2875 would cost the state millions of dollars to implement the new system, create confusion for consumers, and may not decrease the risk for abuse or counterfeiting.

The physical inspection sticker in current use makes it easy for law enforcement to visually verify inspection and for consumers to understand inspection and registration requirements.

By eliminating the physical inspection sticker, counterfeiters could shift their business to producing more counterfeit registration stickers. Penalties available under the bill may not effectively deter vehicle inspectors from making false reports to the database.

Removing multi-year fleet registration would create a burden for the trucking industry.

NOTES:

The bill would have a negative impact of \$9.9 million through the biennium ending August 31, 2015, according to the Legislative Budget Board. The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the bill's provisions.