

OFFICE OF FISCAL ANALYSIS

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sHB-5381

AN ACT CONCERNING THE FEDERAL CLEAN AIR ACT FEE ON
MOTOR VEHICLE REGISTRATION.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Resources of the General Fund	GF - Revenue Loss	7,000,000 - 8,000,000	7,000,000 - 8,000,000
Resources of the General Fund	Federal Clean Air Act account (non- lapsing GF) - Revenue Gain	7,000,000 - 8,000,000	7,000,000 - 8,000,000
Department of Energy and Environmental Protection	Federal Clean Air Act account (non- lapsing GF) - Cost	7,000,000 - 8,000,000	7,000,000 - 8,000,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill directs 42.5% of federal Clean Air Act (CAA) fees collected on motor vehicle registrations to a "federal Clean Air Act account" within the General Fund (GF) to be expended for air quality and related purposes. Currently, this portion of CAA fees goes to the GF and are not statutorily directed to a specific purpose.

The bill results in an equal revenue loss and revenue gain of between \$7-\$8 million annually to the GF and the newly established CAA account, respectively. Further, the bill results in a cost of between \$7-\$8 million annually due to the air quality improvement expenditures that the Department of Energy and Environmental Protection (DEEP) would

be required to make.

General Fund deposits from motor vehicle CAA fees were \$7,332,417 in FY 20 and \$9,778,047 in FY 21. The FY 21 increase was driven by PA 19-165 which, among other things, increased the renewal period for motor vehicle registrations from two years to three and increased the related fees proportionately. Collections in future years are expected to return to the \$7-\$8 million range.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of actual motor vehicle registrations.