



COLORADO
Department of Revenue
Executive Director's Office

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May 18, 2017

Members of the Transportation Legislation Review Committee:

In accordance with the statutory reporting requirement cited below, the Colorado Department of Revenue, Division of Motor Vehicles Emission Section is providing this report for your consideration.

Section 42-4-305(11), C.R.S.:

“The Executive Director shall report to the Transportation Legislation Review Committee annually on the effectiveness of the quality assurance and enforcement measures contained in this section, the overall motorist compliance rates with inspections for registration denial, and the status of state implementation plan compliance pertaining to quality assurance. This annual report shall be submitted to the commission in May of each year for incorporation into appropriate annual and biennial reporting requirements. Reports shall cover the previous calendar year.”

Program Overview

Under the direction of the Air Quality Control Commission (AQCC), the Department of Revenue (DOR) and Colorado Department of Public Health and Environment (CDPHE) have managed the Colorado Automobile Inspection and Readjustment (AIR) Program since July 1, 1981. Over the years, the vehicle emissions program has gone through significant changes. Originally, the program included the counties of Boulder, Denver, Douglas, Jefferson, and parts of Adams, Arapahoe, El Paso and Larimer. In January 1988, the metropolitan area of Greeley, within Weld County, was included into the program. On November 15, 2001 Broomfield County was established and included in the AIR Program. Despite the classification as a new county, all of the vehicles that were registered in Broomfield were previously included in the program area.

In August of 2004, the Clean Screen (RapidScreen) program was added as an alternative to conventional in-station testing. Clean Screen provides vehicle owners the opportunity to have their vehicle's emissions screened as they drive, rather than having to visit an emissions testing facility. The registered owners of vehicles meeting the clean screen criteria are notified and allowed to bypass the conventional emissions test.

In February of 2005, the AQCC voted to discontinue the basic gasoline emissions program in Larimer, El Paso, and Weld counties. The basic area emissions program was terminated on

January 1, 2007. Also, in October of 2007, the AQCC promulgated rules to implement a high emitter identification pilot program. The high emitter program utilized clean screen technology to identify gross polluting vehicles. The high emitter pilot program was implemented in December of 2007 and terminated in April of 2010.

In November 2007, United States Environmental Protection Agency (USEPA) designated the Denver Metro Area (DMA) and North Front Range (NFR) as out of attainment with the eight-hour ozone standard of 0.84 ppm. Since that time, USEPA has promulgated a new ozone standard twice. The first was a standard of 0.75 ppm that resulted in the AQCC expanding the NFR program area to include the counties of Larimer and Weld beginning on November 1, 2010; the second was a standard of 0.70 ppm adopted in October 2015.

In July 2012, the DOR implemented Senate Bill 12-012, as recommended by the Office of the State Auditor, regarding DOR's audits of facilities that conduct automobile emission inspections. Specifically, the bill aligned Colorado state law with federal law by reducing facility audits from every 90 days to at least twice per year, as required by the EPA. The bill also authorized DOR to conduct risk-based audits for stations and facilities employing inspectors or mechanics suspected of violating rules as a result of an audit, data analysis, or consumer complaint.

In 2013, the passage of House Bill 13-1071 modified the definition of a collector item to include vehicles that are at least thirty two years old. The new definition requires qualifying vehicles to pass an emission inspection at the time of initial registration and upon registration renewal every five years. The definition requires the vehicle owner to sign an affidavit declaring that the vehicle will not be driven more than 4,500 miles annually.

In January 2015, a number of program changes adopted by the AQCC were implemented. These included expanding the model year exemption for new vehicles from four years to seven years; adopting the On-Board-Diagnostic (OBD) system inspection as the primary inspection type for light-duty vehicles in their 8th through 11th model year; requiring an OBD inspection for gas/electric hybrid vehicles beginning in the 8th model year; and discontinuing the visual inspection of emissions control equipment of vehicles that are 1996 model year and newer.

HB17-1137, which repeals the requirement for this report, was signed by the Governor on March 16, 2017. The repeal is effective on August 9, 2017 unless a referendum petition is filed against the measure. This may be the final annual report on the effectiveness of the Department of Revenue's Quality Assurance & Enforcement Measures.

Effectiveness of the Quality Assurance and Enforcement Measures

DOR maintains quality assurance enforcement activities consistent with C.R.S. 42-4-305(6)(a) et seq.:

"The executive director shall promulgate such rules and regulations as may be necessary to implement an ongoing quality assurance program to discover, correct, and prevent fraud, waste, and abuse and to determine whether proper procedures are being followed, whether the emissions test equipment is calibrated as specified, and whether other problems exist which would impede the success of the program.

(b) (I) The department shall conduct overt performance audits as follows:

(A) At least twice per year at each inspection and readjustment station, inspection-only facility, and motor vehicle dealer test facility;

(B) At least twice per year at each fleet inspection station;

(C) At least twice per year for each test lane at each enhanced inspection center.

(II) In addition to regularly scheduled overt performance audits, the department may perform additional risk-based overt performance audits for stations and facilities employing inspectors or mechanics suspected of violating rules as a result of an audit, data analysis, or consumer complaint.

(c) (I) The department shall conduct covert audits using unmarked motor vehicles at least once per year per number of inspectors at each inspection-only facility and enhanced inspection center;

(II) In addition to regularly scheduled covert audits, the department may perform additional risk-based covert audits for stations and facilities employing inspectors or mechanics suspected of violating rules as a result of an audit, data analysis, or consumer complaint.

(d) Record audits to review the performance of inspection-only facilities, motor vehicle dealer test facilities, and enhanced inspection centers, including compliance with record-keeping and reporting requirements, shall be performed on a monthly basis.

(e) (I) The department shall perform equipment audits to verify quality control and calibration of the required test equipment as follows:

(A) At least twice per year at each inspection and readjustment station;

(B) At least twice per year on each test lane at each inspection-only facility and enhanced inspection center, to be performed contemporaneously with the overt performance audit;

(C) At least twice per year at each fleet inspection station.

(II) In addition to regularly scheduled equipment audits, the department may perform additional risk-based equipment audits for stations and facilities employing inspectors or mechanics suspected of violating rules as a result of an audit, data analysis, or consumer complaint.

Table 1 shows the number of audits completed in 2016 and the number of deficiencies by audit type.

Table 1

Audit Type	Number of Audits Completed	Number of Audits with a Deficiency	Percentage of Audits with a Deficiency
Performance	555	0	0%
Initial Equipment	250	83	33.20%
Covert	258	45	17.44%
Initial Clean Screen	809	74	9.15%
Risk Based	376	53	14.10%

DOR performed record audits on all contractor enhanced inspection centers and independent inspection-only facilities. Audit methods were used to identify and correct anomalies in the vehicle inspection database as well as a prompt for additional equipment audits. The record audit process included an evaluation of approximately 5.7 million registration records; this was performed to ensure a reasonable level of record accuracy was maintained at county offices.

- **Revenue Collected**

In 2016, DOR collected \$301,596 from the sale of AIR Program documents and licensing fees that were transferred to the HUTF AIR account.

This total consisted of:

Station licensing	\$570
Mechanic licensing	\$4,835
Exemption stickers	\$33,850
Certificate of Emissions Control	<u>\$262,341</u>
Total:	\$301,596

- **Emissions Waiver**

A waiver is an emissions control document which satisfies the emissions requirement for a vehicle for one inspection cycle. There are three conditions that qualify a vehicle owner for a waiver:

- A repair waiver is issued for a vehicle that fails an emissions test, receives statutorily defined repairs for the vehicle age and fuel type, and after receiving those repairs, fails a subsequent emissions test. This type of waiver is referenced in C.R.S. 42-4-306(7)(a)(II)(A).
- A diagnostic waiver may be issued for a vehicle that fails a retest, has not met the repair cost limit, and a physical and functional diagnosis of the vehicle performed by an emissions technical center indicates that no additional emissions-related repairs would be effective or needed. This type of waiver is referenced in C.R.S. 42-4-310(IX).
- An economic hardship waiver may be issued once in the lifetime of a vehicle if the owner of that vehicle is receiving a recognized form of economic assistance. This type of waiver is referenced in C.R.S. 42-4-306(7)(a)(II)(C).

There were 1,149 waiver applications processed in 2016 by DOR. Of these, 428 Repair Waivers, and 292 Economic Hardship Waivers were granted. The other 393 applicants did not qualify for waivers.

The Colorado Department of Public Health and Environment, Colorado Department of Revenue, and Regional Air Quality Council (RAQC) continued to operate a Repair Assistance Program. This program provides emissions related repairs for gasoline-powered vehicles registered throughout counties in the Denver Metropolitan Area (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson) that qualify for an Economic Hardship Waiver. As a result of this program, emissions related repairs were performed resulting in a passing emissions inspection on 15 vehicles that otherwise would have been issued a hardship waiver.

The most common reasons a waiver was not issued are as follows:

- **Waiver not pursued** - after completing the waiver application, the vehicle owner withdraws the request or does not complete the process.

- **Vehicle passed the inspection** - after requesting a waiver, additional repairs were made resulting in a passing emissions test. Vehicle owners are encouraged to utilize the CDPHE emissions technical centers for a free diagnostic on their vehicle. Often the technicians are able to assist the owner and recommend minor repairs that allow the vehicle to pass the emissions inspection.
- **Improper repairs to the vehicle** – repairs were performed that did not address the cause of the emissions failure. C.R.S. 42-4-306(7)(b)(I)
- **Vehicle is tampered or emitting smoke** - when presented for a waiver, the vehicle was not equipped with the manufacture required emission control equipment or was emitting visible smoke. C.R.S. 42-4-306(7)(b)(I)
- **Minimum waiver limits for dollars spent to repair the vehicle had not been met** - vehicle owner had not incurred the requisite \$715 in repair costs to bring the vehicle into compliance. C.R.S. 42-4-310(1)(d)(VT)

- **Complaints**

A total of 322 complaints were opened against the inspection stations operated by the contractor. DOR involvement in the contractor complaint mitigation process resulted in \$63,065 in refunds to consumers. In addition, DOR responded to 42 complaints against automotive dealerships. A total of \$22,807 was refunded to consumers from those proceedings. Complaints included but were not limited to; wait time issues, improper inspections, test procedures, improper VIN inspections, body damage, and engine and transmission damage.

- **Hearings and Fines**

DOR conducted 92 hearings in 2016 for violations of rules and regulations. There were 40 inspectors placed on probation, and 0 inspector licenses were revoked.

During 2016, \$317,425 in administrative fines were collected. This included:

- | | |
|---------------------------------------|-----------|
| ➤ Wait time fines | \$254,625 |
| ➤ Improper Inspection violation fines | \$62,800 |

Overall Motorist Compliance Rates (need numbers from CDPHE)

The State Implementation Plan (SIP) mandates that 95% of all vehicles required to participate in the AIR program receive a certificate of emissions compliance prior to vehicle registration pursuant to Title 42, Article 4, Part 3, C.R.S.

- **Number of Vehicles Inspected**

There were 881,996 initial emissions inspections performed in 2016 at emission testing facilities. In addition, 183,753 vehicle owners utilized the roadside or Clean Screen testing process to comply with vehicle emissions requirements.

Number of Initial Enhanced tests (IM240)	556,308
Number of Initial Enhanced idle tests	45,702
Number of Initial OBD Inspections	<u>279,986</u>
Subtotal:	881,996
Number of Clean Screen tests redeemed	<u>183,753</u>
Total:	1,065,749

● **Vehicle Failure Rate**

The percentage of vehicles that failed the initial inspection are shown below. These vehicles failed for tailpipe emissions exceeding standards, visible smoke, missing or tampered emissions equipment components, or any combination of the above.

Enhanced tests (IM240)	9.34%	(51,978 vehicles)
Enhanced idle tests	8.58%	(3,919 vehicles)
OBD tests	7.04%	(19,718 vehicles)

Clean Screen Program

The Clean Screen program permits vehicles that are seen two or more times in a year, and meet certain rigorous emissions standards, to pass a remote sensing emissions test as an alternative to the standard emissions inspection. To accommodate this program, Envirotec, the state contractor, operates a total of 22 Remote Sensing Device system/vans in the nine-county program area. Table 2 shows the number of unique vehicles observed in relation to the overall number of vehicles eligible for clean screen. For the purpose of table 2, “observed vehicles” are vehicles that met Clean Screen standards, therefore allowing the vehicle to bypass the conventional brick-and-mortar inspection.

Table 2 – Unique Eligible Vehicles observed by Remote Sensing

	# of Clean Screen eligible vehicles	# of unique eligible vehicles observed by Remote Sensing vans	% of observed vehicles
2006	687,899	58,807	8.55%
2007	656,818	128,005	19.48%
2008	666,385	258,956	38.86%
2009	702,349	276,943	39.43%
2010	702,172	282,050	40.17%
2011	889,421	354,716	39.88%
2012	855,429	340,692	39.83%
2013	893,702	317,288	35.50%
2014	873,931	334,935	38.33%
2015	755,601	265,455	35.13%
2016	774,449	267,020	34.48%

State Implementation Plan (SIP) Compliance Pertaining to Quality Assurance

The EPA designated the Denver/North Front Range region as a nonattainment area for the 8-hour ozone standard of 0.070 parts per million (ppm) as adopted in October 2015. The State of Colorado is required to sustain an attainment plan, referred to as the SIP, which was implemented to bring the region back into ozone compliance pursuant to the Clean Air Act. The Air Quality Control Commission approves the appropriate strategies for SIP compliance.

DOR maintains SIP compliance, as it applies to quality assurance and vehicle participation, through the inspection and maintenance program requirements as defined in the Code of Federal Regulation Title 40, §51.363, Colorado Revised Statutes Title 42, Article 4, Part 3 and the Colorado Department of Public Health and Environment, Air Quality Control Commission Regulation 11.

If you have any questions regarding this report, you may contact Laurie Benallo, Operations Manager, at (303) 205-5669.

Respectfully,


Barbara J. Brohl