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03/31/15

To: Oregon State House of Representatives Health Care Committee

Re: HB 3310

To Whom It May Concern:

In regards to how the passage of these bills will affect the industry they govern, it proves insightful to look at our neighboring state of California whom has very similar standards in place.

The impact on the trucking industry in California has been massive and detrimental. Business reactions vary from closing the final door to ignoring the ruling and continuing to operate in a non-compliant status to choosing to meet the new expectations and incorporate them into the business plan.

For those compliance-driven companies, the first challenge they face is to dissect, comprehend and apply the exhaustive ruling. They are faced with rules that are not the same for every facet of the trucking industry. Over the road haulers have requirements that differ from agricultural haulers as well as log haulers. Certain counties are allowed to utilize different regulatory levels pursuant to their measured air quality levels and population numbers. The burden of navigating through the compliance puzzle remains with the company who is simply trying to haul a commodity from point A to point B. They must circumvent around those obstacles and figure out how to continue to operate.

The main issue concerning the emissions criteria is the cost; the financial hardship experienced by the companies who opt to meet the terms is substantial and game-changing. This burden is suffered solely by the company trying to remain in business in an already struggling economy. The product owners don't want to provide rate increases to help haulers remain legal; they want the most reasonable rate they can find; they have their own bottom line to worry about.

Options available to these pioneers are to retrofit their older units, or to purchase new equipment that is already conforming to these regulations. Both options have their own merit and disadvantages that must be weighed. The cost to retrofit an older unit can range from $15,000 to $20,000, with specific challenges throughout the modification process. Once modified, the maintenance may double or even triple in cost. The percentage of down time will increase and the loss of income-producing hours will be amplified. To purchase a new truck with 2010 emissions technology can add approximately $30,000 to $40,000 to the cost, and the increased maintenance factor still applies. Therefor compliant companies must shell out significantly more dollars to accomplish the same result for the same rate of pay. That is not sustainable in business.

What has all of this done to the playing field in the trucking industry? There is no longer a gap between compliant companies and non-compliant companies; it is now a deep chasm. The exemptions and delayed implementation for certain types of trucks or commodities in specific areas is not fair for all involved. The technology has not advanced to reach the objective of the lawmakers, and those companies who invested in the equipment at the onset are now faced with having to maintain sub-standard technology. It is the businesses that have chosen to take their chances and ignore the rules that are still working. They can fulfill the demand at a much cheaper rate. There is no way to compete within an uneven playing field; the non-compliant team has the financial upper-hand.

The cost of implementing the new standard is not the final cost; the burden trickles down to all facets of the business. There is a constant need for training both the mechanics that service the technology as well as the drivers who are responsible for the proper monitoring of the technology. Administrative personnel must also adapt their programs and comprehend the new criteria. They must redirect their budgets and shift their focus. The money now being directed for emissions has to come from somewhere; cutting corners elsewhere is the most popular choice. Money formerly directed to fund safety related programs is now earmarked for advanced emissions training, as an example. The impact on the business environment is felt at all levels.

The California-based trucking company that I worked for went out of business in 2014 with a loss of 75 jobs in our small community. Many of our competitors chose not to comply and the clients we worked for would not increase our rates to help cover the burden of our compliance. They opted instead to keep their costs down and utilize those companies that could still survive with that level of compensation for their services. In effect, the commitment we made to play by the rules rendered us extinct in our own game.

We urge you as lawmakers to listen to those you represent and not support HB 3310.

Sincerely,

Tim Cooney
General Manager
Siletz Trucking Co.