
NORTHWEST AUTO TRADES ASSOCIATION TESTIMONY ON SENATE BILL 792

Senate Environment & Natural Resources Committee / March 12, 2019

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Chair Dembrow and Members of the Committee:

The Northwest Automobile Trades Association (NATA), represents more than 450 business members across Oregon. NATA represents collision and mechanical repairs shops, dismantlers, and auto parts manufacturers and distributors. Today, I am here on behalf of our dismantler members -- small and large, across the state.

Joining me today in the audience is Mary Ann Trout. Mary Ann is President of NATA and the second-generation owner of a family operated auto dismantler in Hillsboro, Oregon. She is available to answer questions on the costs and responsibilities of running an auto dismantling business on a day-to-day basis.

The Bright Light of Public Attention

Just one year ago a fire at NW Metals in Portland brought intense scrutiny to the various types of businesses which use, reuse, recycle and dispose of motor vehicles and motor vehicle parts. At a time when recycling and reusing is touted as a societal goal, auto dismantlers should be lauded for their successful efforts at keeping waste out of landfills by reusing or recycling the vast majority of discarded motor vehicle parts and components. However, like many industries, a few bad actors -- or a single catastrophic event -- negatively and unfairly impacts an entire industry.

The resulting call for increased regulation is both understandable and warranted. However, we encourage the Legislative Assembly to chart a measured path forward that balances the potential negative impact of overregulation on good actors with the need for increased oversight to find and stop bad actors from endangering our neighbors and the environment.

We appreciate the outreach efforts by Speaker Kotek and Senator Frederick. We have had productive conversations prior to today's Public Hearing, and look forward to working in concert going forward to craft legislation that meets the needs of regulatory oversight without unnecessarily wasting public or private resources on ministerial minutia.

We support augmenting the existing DMV Business Regulation inspection framework, which already certifies auto dismantlers, to include elements of environmental standards. We believe this is a low impact/high yield strategy which makes more sense than establishing a new regulatory structure within DEQ.

Inspections

NATA supports efforts to increase inspections of dismantler facilities as circumstances warrant. However, a one-size fits all framework may not be the best approach. Currently, dismantlers are inspected at least once in a three-year certification cycle. DMV Business Regulation already has the authority to inspect more often if circumstances warrant. Under the current proposal, all dismantlers will be inspected annually. This change will substantially increase the cost to the dismantler and to DMV Business Regulation. We ask the committee to consider a regulatory framework which will allow DMV Business Regulation to reduce the frequency of inspections for auto dismantlers that demonstrate a clear history of following the rules and regulations.

Annually inspecting good actors misapplies limited resources which could be better directed at more frequent inspections of facilities with a history of violations.

For example, statutes could give DMV Business Regulation the authority to move a facility from annual inspections to biennial inspections if the facility has had three consecutive inspections with no red flags. This will allow inspectors to focus resources on inspections of facilities with a history of regulatory infractions.

Certification cycle

The current conversation moves the certification cycle for dismantlers from every three years to an annual renewal. NATA asks the committee to continue the three-year cycle while still increasing the frequency of site inspections. Much of the certification process is more of a ministerial paperwork function, rather than an actual regulatory function. Requiring DMV Business Regulation to process three times as much paperwork will consume staff time without necessarily increasing oversight. ***DMV inspector time would be better used in the field doing site inspections rather than in the office processing paperwork.***

The paperwork burden of applying for recertification is significantly different from one jurisdiction to another. For Mary Ann, in Hillsboro, for example, she is required to go before the Hillsboro City Council for approval each time she renews her dismantler certification because the current statute requires local government approval, and Hillsboro ordinances require the approval to be by a vote of the Council. Changing the certification cycle from three-years to annually will require Mary Ann to appear before the Hillsboro City Council every year to keep her business open.

Cost of doing business

Changing the regulatory framework to both annual certification and annual inspections will dramatically increase the cost of regulation. The current proposal moves a three-year, \$800 certification to an annual \$500 certifications. This nearly doubles the cost of certification. For many of the larger, urban dismantlers, this increase may not be significant. However, this dramatic cost increase could drive smaller, rural operators out of business, leaving smaller communities without a local option to recycle older motor vehicles.

NATA suggests the Committee consider keeping the existing three-year certification at the current cost. Then, the additional cost of the annual inspections could be paid on an annual basis to cover the additional staff time. Those sites which do not require annual inspections will save money by not needing to pay for the additional inspections. Moreover, DMV Business Regulation will save valuable staff resources by not inspecting or processing unnecessary paperwork.

Fire Inspections

The current proposal requires dismantlers to schedule a fire inspection twice annually. We believe an annual inspection, in addition to the DMV Business Regulation inspection, is sufficient. Of course, the local fire department or district should have the authority to inspect more often if a site has a history of violating any requirements. We are concerned, especially in rural areas, that scheduling an inspection twice a year could be cumbersome, especially with all-volunteer departments and districts. Further, while the current amendments require the dismantler to schedule the inspections and provide the paperwork to DMV Business Regulation, the amendments do not appear to require the local firefighting agencies to do the inspections. We believe this portion of the amendments should be changed to require the firefighting agencies to schedule and complete the inspection, and to submit the paperwork directly to DMV Business Regulation.

Conclusion

As the regulated industry, we appreciate having a seat at the table during these discussions. The conversations have been productive to date and we look forward to supporting the final package once the details are worked out between all the various stakeholders. I'm happy to answer any questions.