



Oregon

Kate Brown, Governor

Department of Environmental Quality

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January 17, 2020

The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
The Honorable Representative Dan Rayfield, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

I am writing to notify you that the Department of Environmental Quality (DEQ) seeks legislative ratification of a modest fee adjustment adopted by the Environmental Quality Commission (EQC) in 2019 to support the state's Vehicle Inspection Program (VIP). The increase is the first in over twenty years and brings the biannual testing fee from \$21 to \$25 in the Portland-metro area and from \$10 to \$20 in the Medford area over a two-year phase-in period. The increase allows DEQ to continue operating at current service levels, providing excellent customer services across the testing regions.

DEQ has coordinated with the Legislative Fiscal Office and the Chief Financial Office to ensure all legal and procedural requirements pursuant to ORS 291.055 (fee ratification), and ORS 468A.370 and .400 (cost effectiveness) have been satisfied. This ratification request will come to you by way of a Department of Administrative Services (DAS) fee ratification bill during the 2020 legislative session. DEQ is not requesting any general fund for this program.

Vehicle Inspection Program

The VIP, which began in the Portland area in 1975 and in the Medford area in 1986, is Oregon's cornerstone strategy for reducing emissions from the number one source of air pollution: cars and trucks. While today's vehicles are *manufactured* to burn less fuel and burn that fuel cleaner, those improvements rely on the regular maintenance of engines and onboard emissions control systems. As vehicles age, maintenance becomes more and more important.

The program, which is entirely fee-funded and requires no state general fund, operates seven Clean Air Stations; one in Medford and six in the Portland-metro area. In addition to visiting a Clean Air Station, motorists and fleet-operators can use innovative test methods such as

Mobile/Fleet testing or DEQ Too™, a new public-private partnership that allows motorists to test their vehicle at convenient locations such as gas stations or service repair shops.

In addition to performing inspections, DEQ issues license plate registration stickers on behalf of the Department of Transportation Driver and Motor Vehicles Services (DMV). This allows customers to complete both their emission inspection and vehicle registration renewal at once, saving a trip to the DMV. Last biennium, DEQ issued over 700,000 tags on DMV's behalf, representing 60 percent of all vehicle registration renewals in the Portland and Medford areas. This inter-agency partnership is a national model and significantly enhances customer satisfaction.

VIP Provides Measureable and Significant Environmental Benefits

Transportation is the single largest source of greenhouse gas emissions in Oregon and accounts for nearly half of all smog-forming pollution. Reducing pollution from vehicles helps keep Oregonians healthy, especially children and people with respiratory problems.

Our test data show that approximately one in four cars (25 percent) are being serviced in the three months between receiving their registration renewal notice and visiting a DEQ Clean Air Station. This indicates that the program is effective at capturing and resolving maintenance problems that might otherwise not be addressed or addressed in a timely way—in addition to addressing vehicles that fail at the time of inspection. Preventive maintenance and addressing failing vehicles results in a 10-20 percent reduction in on-road emissions of criteria and hazardous air pollutants.

Reducing vehicle emissions is a core part of Oregon's State Implementation Plan (SIP). The SIP is Oregon's federally approved strategy for meeting Clean Air Act requirements and federal air quality standards. If Oregon didn't create VIP, it would need to impose more stringent standards on other sources of pollution. Reducing vehicle emissions ensures that Oregon remains in compliance with the federal air quality standards. Maintaining a strong and fully resourced program is especially critical right now as we have experienced increasing levels of ozone in both Portland and Medford in recent years.

VIP is Cost Effective

ORS 468A.370 and ORS 468A.400 require the EQC to determine the most cost-effective method of conducting vehicle inspection services consistent with the federal Clean Air Act before establishing fees. The Commission satisfied these requirements and at their November 2019 meeting issued a unanimous finding that the program is cost-effective.

A comprehensive analysis¹ that informed their decision found that VIP remains both an effective and efficient approach to reducing emissions from motor vehicles. Specific findings from this analysis include:

- A review of all vehicle emissions testing programs across the country shows that Oregon's fee remains among the lowest in the nation, particularly given the unique features of Oregon's program (entirely fee-funded, free re-testing, innovative test options and on-site DMV renewal registration).
- Oregon's fees – even when accounting for the recently approved increase - are roughly one-third of those in jurisdictions that have privatized their testing service.
- Over 80,000 customer surveys indicate a positive experience with VIP visits 97 percent of the time.
- The Oregon VIP program is the only program in the country that is currently offering both self-service lanes and remote testing via the DEQ Too™ program as convenience alternatives to traditional station visits.

These results are not surprising. The program has demonstrated a long-standing commitment to remaining cost-effective through continuous improvement. Innovations such as self-service lanes and collaborating with the private sector have allowed the department to operate the program with no fee increase in over twenty years, despite the fact that personnel and other costs have risen with inflation. Today, the program operates at a 6,660:1 test-FTE ratio, higher than ever before. However, the program is at a tipping point. Without the fee increase and restored positions, the agency will need to make drastic modifications to our service-delivery model, including the potential closing of stations.

DEQ feels confident in both the substance of the proposed fee increase, and the public process surrounding it. Sufficiently resourcing this program is crucial to the protection of Oregon's environment and public health. We appreciate your attention to this ratification request and welcome any questions you may have.

Sincerely,



Richard Whitman
Director

¹ EQC Staff Report for Vehicle Inspection Fee Increase. Available at:
https://www.oregon.gov/deq/EQCdocs/11152019_ItemN_VIPfees.pdf