

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 5702**

80th Oregon Legislative Assembly – 2020 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

Prepared by: John Terpening  
Reviewed by: John Terpening  
Date: 2-11-20

**Measure Description:**

Approves certain fees adopted or modified by Department of Environmental Quality.

**Government Unit(s) Affected:**

Department of Environmental Quality (DEQ)

**Summary of Expenditure Impact:** See Analysis

**Summary of Revenue Impact:**

Agency -- Fund Type	2019-21 Biennium	2021-23 Biennium
Department of Environmental Quality -- Other Funds	\$2,530,619	\$2,912,489

**Analysis:**

SB 5702 is the fee ratification bill for the Department of Environmental Quality (DEQ) for its fees related to the Vehicle Inspection Program (VIP). The measure provides the enabling legislation necessary to approve fees adopted by DEQ through Administrative Rule and approved by the Department of Administrative Services during the interim between legislative sessions. ORS 291.055(1)(e) mandates that all new state agency fees or fee increases adopted between regular sessions of the Legislative Assembly are rescinded upon adjournment of the next regular session unless authorized by enabling legislation setting forth the approved fees.

The Department’s VIP program provides certificates of compliance with motor vehicle emissions standards every two years as part of motorist requirements for DMV renewal in the Portland and Medford areas. These municipal areas are subject to this testing due to federal requirements around implementation of the Clean Air Act to address poor air quality related to ozone and carbon monoxide. To get this certificate, motorists must pay a fee, currently \$21 in Portland, and \$10 in Medford, after having their vehicle emissions tested at one of seven Clean Air Stations operated by DEQ (six in Portland, one in Medford). This program is entirely fee funded and has not increased fees since 1997.

The proposed increase in SB 5702 is from \$21 to \$25 in the Portland area, and from \$10 to \$15 in Medford. Both increases are effective May 1, 2020. Another increase to Medford is proposed to take effect July 1, 2021, increasing the fee from \$15 to \$20. The discrepancy in fee amounts between Portland and Medford dates to when vehicles in the Portland area were subject to a more complex test type, which is now obsolete. Finally, the dealer testing fee is increasing from \$26 to \$30.

The fee increase was presented, along with a cost-effectiveness study of the program required by statute, to the Environmental Quality Commission and approved in November 2019. The fees are anticipated to raise approximately \$2.5 million in the 2019-21 biennium and will be used to fund current operations. The program’s position authority was reduced by eight positions in the 2019-21 legislatively adopted budget as a result of the fee increase not being approved at the beginning of the 2019-21 biennium. The Department anticipates requesting that the Legislature restore those eight positions for the 2021-23 biennium and that the fee increase can sustain the program through the 2021-23 biennium.