

SB 5517 - 2021 Oregon Legislative Session
Ways & Means Subcommittee on Natural Resources

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Thank you for providing this opportunity to comment on SB 5517. My name is Chance Smith from Lube Management Corp operating a Jiffy Lube store in Beaverton. We are members of the DEQ Too Business Alliance and one of over 270 participating businesses that test vehicles on behalf of DEQ.

DEQ Too increases customer convenience and reduces air pollution

After plugging a DEQ-approved device into a vehicle's onboard computer at our businesses, motorists simply use the [DEQToo™ online app](#) to finish meeting the State's vehicle requirements. Oregon's vehicle *test-by-internet* method is a major transformation; akin to Oregon's pioneering of casting ballots via *vote-by-mail* convenience. Today's vehicle technology, telematics and DEQ's system ensures the test integrity is identical to in-person testing at DEQ. In-person visits to DEQ stations take more money for fuel and time - like more than an hour when DEQ lines are long or roundtrips are from long distances such as Ashland, Boring, Canby, Estacada and Sandy. DEQ Too personifies the States' "**Every Mile Counts**" initiative to reduce air pollution & it curtails traffic congestion. Not only are motorists driving fewer miles due to shorter trips, but they're combining their auto errands into single trips since we can now take care of their regular vehicle service needs *and* their DEQ *too*. (the derivation of "DEQ Too")

Our request on behalf of our joint customers

We understand that SB 5517 ratifies the agency fee increase to cover its traditional station personnel costs that have been rising over so many years. However, because DEQ does not incur personnel expenses when motorists test at our businesses and take care of their state requirements online, the Alliance respectfully requests the following:

- 1) DEQ should not assess the maximum fee whenever its staff and stations are not used to pass a vehicle.
- 2) DEQ should better promote DEQ Too. Even though it's been an option since 2016, it only gets used about 3% of the time by motorists because it's barely been discovered. In fact, it may be DEQ's [best kept secret](#).

DEQ forestalled our earlier requests

We also made these requests in 2019 and 2020. For last year's same bill (titled SB 5702), DEQ averted our testimony with its claim that DEQ Too causes a deficit. Until that time, DEQ had never mentioned any financial trouble for DEQ Too – not to DAS, not to the Legislature nor even to its own Commission. In its letter to the Subcommittee, the agency stated that the DEQ Too per test revenue was not enough to cover "*annual* expenses of \$1.3M". Since motorists pay DEQ the same \$25 fee whether we perform the test or the agency does - a deficit would mean that DEQ is spending \$25+ to oversee each test that we conduct as their contractor. But DEQ spending \$25+ per private test would defeat the purpose of contracting out and be an excessive oversight rate. In fact, DEQ itself previously documented that [DEQ only needs a \\$5.80 per test fee to oversee contracted operations](#). After we asked about its \$1.3M annual expenses, DEQ responded on 8-25-20 saying that \$1.3M was a per *biennium* value, not per year. So **DEQ overstated its expenses to the Subcommittee by a factor of 2.**

DEQ Too is a financial gain; not a strain

This year, in its SB 5517 [budget document](#), DEQ entirely reversed itself about any deficit caused by DEQ Too and instead states it is a cost-saving innovation that is among its investments that helped the VIP Program avoid fee increases for years. DEQ wisely [invested \\$Millions](#) prior to DEQ Too's launch in 2016 and cost-savings have been realized ever since the launch. Their station cost is \$25 per test to cover about 80 personnel performing activities of supervision, equipment maintenance, training, [plugging into vehicles](#), entering odometer, printing the results/certificate/registration & collecting payment. But when we perform testing, zero DEQ employees are involved because **the agency shifted its per-test labor costs to businesses and motorists:**

- ✓ *Businesses* purchase equipment and provide training and supervision – *instead of DEQ staff*
- ✓ *Businesses* plug into the vehicles to wirelessly connect with DEQ's computer – *instead of DEQ staff*.
- ✓ *Motorists* enter odometer and pay for their certificate using the DEQToo™ app – *instead of DEQ staff*.
- ✓ *Motorists* download their E-Certificate using the DEQToo™ app – *instead of DEQ staff*.
- ✓ *Motorists* order their registration tags to arrive in the mail using DMV2U – *instead of DEQ staff*.

Vehicle Inspection Program varies all its fees based upon costs, except for DEQ Too

DEQ is not consistently adhering to ORS 468A.400(1)(b) which requires its fees to be commensurate with the cost of administering testing. Companies that self-test their fleet of vehicles are a good example of this inconsistency. Instead of the full \$25 fee like DEQ stations charge, fleet companies only pay \$5 per test when they self-test vehicles at their own place of business. So, when a fleet company tests 5,000 vehicles in a year, they pay DEQ **\$25,000** in fees. But when one of our DEQ Too self-testing auto dealers tested almost 5,000 vehicles this past year, they were assessed the full \$25 fee and paid DEQ about **\$125,000 - 500% more!** Our businesses have provided the service for 5 years now yet DEQ Too is still the only lower-cost method for which DEQ has yet to set a lower fee:

- ☑ DEQ charged a \$21 fee for a test method that took the effort of 2 DEQ inspectors and charged only \$10 for a test method that took only 1 inspector to perform. Lower costs to agency = Lower fee
- ☑ DEQ charges \$25 in Portland and [\\$20 in Medford due to lower costs](#).
- ☑ DEQ assesses auto dealerships \$30 per test when a DEQ inspector travels to and from dealership's lots to test, and charges \$25 when dealerships bring their vehicles into DEQ's station for testing.
- ☑ DEQ assesses *non-DEQ Too* corporate fleets only \$5 when they self-test at their own place of business.
- ☐ DEQ does not provide DEQ Too fleets or auto retailers any discount so **they pay 5 times more** than *non-DEQ Too* self-testing fleet companies. This is unfair, unjustifiable and is contrary to how DEQ's Cost-Effectiveness Analysis treats them the same: "businesses and automobile retailers who possess large vehicle fleets".

When DEQ staff test at auto dealers, it costs more so DEQ assesses a surcharge. But when self-testing dealers save the agency money, DEQ won't discount its fee. ***DEQ is having its cake and eating it too.***

DEQ is impeding the State's investment from yielding higher returns

Despite the \$Millions that DEQ invested of its customers' hard-earned dollars and despite all the great outcomes DEQ Too makes possible, the agency appears to be steering customers away from it. When its Commission asked the agency about this, the Director's [video recorded response](#) stated that DEQ Too is a financial hardship because agency staff are still involved in every step of each test. That would mean that DEQ contracted out its work only to keep performing it; which is *not* the case and conflicts with the agency's budget document which refers to its DEQ Too investment as a "cost-saving innovation". So, one would think that DEQ would be wholeheartedly promoting a pollution reducing test method that costs so little per test and still yields the same, full \$25 per test. But recently, **the agency appears to be restricting and suppressing the use of DEQ Too:**

- ✓ Last year DEQ [unnecessarily prohibited](#) thousands of motorists from testing at our DEQ Too businesses which contributed to [major traffic problems](#) near the stations.
- ✓ For years, DEQ had [previously used this notice](#) as its premiere promotional tool. *It mentioned DEQ Too at the top of the front page and 7 times throughout.* But after touting this tool to your Committee last year, DEQ began using [this current notice](#) which *only mentions DEQ Too 1 time and relegates it to the back page.*

Our businesses have been [advertising](#) this DEQ test option for five years now and it's been a financial gain for the agency from day one. During 2020 alone, testing at our locations generated over \$1.5M revenue for DEQ without their effort or expense per test. Yet DEQ Too still remains largely undiscovered since DEQ seems to be a silent partner in this public/private partnership. Try asking your friends, family and colleagues if they knew that for the past 5 years they could have gotten tested at local, private businesses. Very few will say yes. DEQ seems intent on keeping the status quo by minimizing public awareness of the local business/internet testing option. The State should be encouraging all motorists to consider testing in their own neighborhoods to minimize travel distance and help disperse thousands of motorists across hundreds of locations instead of herding them to congregate at only a handful of DEQ stations. That's not only good to encourage during a pandemic - it always benefits the public to reduce air pollution and traffic congestion. ***Every Mile Counts!***

We ask that the Committee please encourage DEQ to immediately:

- Modify the notice [like this](#), or something similar, so it's very clear to Oregonians that they have a new choice.
- Begin charging a lower fee for DEQ Too based upon its lower costs. Since DEQ's rule and SB 5517 sets *maximum* fee levels, no further approval is necessary to charge less.

Thank you. As the State's budget oversight committee, we hope that you'll help ensure the highest return on the State's \$Multi-Million investment into the DEQ Too online testing app.