



Oregon

Tina Kotek, Governor

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DATE: March 2, 2023
TO: Co-Chairs Gorsek & McLain
Vice-Chairs Boquist & Boshart Davis
Joint Committee on Transportation
FROM: Aeron Teverbaugh, Senior Legislative Analyst
SUBJECT: SB 512 (2023 Session)

Thank you for providing an opportunity for the Department of Environmental Quality to highlight the benefits of the Vehicle Inspection Program. The Vehicle Inspection Program (VIP) is a key element of Oregon's State Implementation Plan, which demonstrates to the EPA our plan for achieving compliance with federal air quality standards. Recent analysis shows the program is still having a significant impact on air quality, reducing 10-20% of criteria and hazardous air pollutants from mobile sources in the Portland-metropolitan and Medford regions. That 1 in 4 cars is being serviced within the three months prior to testing indicates the program is effective at capturing and resolving maintenance problems that might not otherwise be addressed.

DEQ, DEQ Too, and other testing options

DEQ's VIP is 100% fee funded. The program relies upon charging a fee for issuing the certificate of compliance required to renew passenger vehicle registrations within the testing areas. DEQ does not charge for administering emissions tests. This benefits drivers who may encounter issues with their vehicle and need to test multiple times before passing. It spreads program operating costs across all passing vehicles instead of relying upon vehicles that don't pass to support a disproportionate share of the program.

Over the years DEQ has strived to offer additional options and conveniences for our customers. For example, when an individual utilizes the VIP testing stations, they can simultaneously renew their DMV vehicle registration. DEQ issues around 2/3rds of DMV registration renewals within the testing region. The partnership allows consumers a one-stop shop instead of requiring a trip to a DMV field office or needing to wait for registration stickers through the mail.

DEQ has established multiple testing methods including rules for self-testing by public agency and permanent fleet vehicles, as defined by the Oregon Department of Transportation. The self-testing process conducted by public agency and permanent fleets is 100% managed, financed, and operated by the fleet owners, this allows for a lower certificate fee set by rule. DEQ's role is limited to authorizing the testing method, licensing the fleet, and providing training and licensing to the fleet inspectors.

DEQ also launched a pilot project to provide consumers additional flexibility in testing. DEQ Too is a network of private partners, both dealerships and private garages. In contrast to the self-testing conducted by public agency and permanent fleets, the DEQ Too testing method is funded by DEQ. While DEQ Too partners purchase the testing hardware (around \$300, depending on vendor) DEQ provides software support, customer service support for vehicle owners that have issues with testing, administrative and logistical support, and advertisement support at zero cost to the DEQ Too partners. These services provided by the agency are supported wholly through the certification fees.

By the numbers:

- 12 minutes: Average wait time
- \$25: Passenger vehicle certificate of compliance, good for two years
- 572,273 vehicles went through stations in 2022
- 97%: percentage of customers who rated their experience at a DEQ Clean Air Station as good or excellent.

Impact of Senate Bill 512

DEQ has continued to work on new options for customers providing choice and flexibility. While DEQ Too tests only a fraction of the vehicles subject to emissions testing, SB 512 would reduce certificate fees issued under this program to \$1, resulting in a loss of revenue to the overall program of approximately \$1.6 million annually. Most DEQ Too partner locations charge clients an additional testing fee. These fees can be up to \$50 per customer regardless of whether the vehicle passes or not. These fees are completely discretionary at the option of the partner location allowing them to recoup the costs of the hardware to conduct the test. SB 512 would effectively shift the public funding provided by the certificate fee from DEQ to private for-profit businesses without benefit to the average vehicle owner in the state. The reduction in revenue that would result from SB 512 would delay or derail plans to offer additional service options for customers and could ultimately require the department to abandon variable fees for public agency and permanent fleet testing.

While DEQ has no opinion on the bill, I thank you for the opportunity to talk about the importance of the VIP program and possible impacts of SB 512.

Sincerely,

Aeron Teverbaugh