

# Vehicle Inspection Program Update Rulemaking

## Advisory Committee Meeting Summary

**Oct. 4, 2018**

**DEQ Headquarters, Conference Room 1110**

700 NE Multnomah St.,  
Portland, Oregon 97232

### List of Attendees

#### Committee Members in Attendance:

Stephen Williams, Clackamas County Dept. Transportation and Development  
Luis Brito, John's Auto Care  
David Silva, Multnomah County, Dept. County Assets  
Diane Sparks, Oregon Independent Automobile Dealers Association  
Mike Quilty, Rogue Valley Metropolitan Planning Organization  
Tracy Olander, Oregon Dept. Transportation, Driver and Motor Vehicle Services  
Chris Hagerbaumer, Oregon Environmental Council  
Jim Houser, Hawthorne Auto Clinic  
Chris Deffebach, Washington County, Land Use and Transportation  
Nadège Dubuisson, Multnomah County, Health Dept.  
Andrew Bartlett, City of Hillsboro  
Mary Peveto, Neighbors for Clean Air

#### Committee Members on the Phone:

Katherine Kelly, City of Gresham  
Greg Remensperger, Oregon Auto Dealers Association  
Carrie Nyssen, American Lung Association

#### DEQ Staff in Attendance (for all or part of meeting):

Sue Langston, Office of Policy and Analysis  
Karen Williams, Air Quality Planning  
Doug Hatfield, Vehicle Inspection Program  
Melinda Mahoney, Office of Policy and Analysis  
Matt Davis, Office of Policy and Analysis  
Ali Mirzakhali, Air Quality Division Administrator  
Michael Orman, Air Quality Planning Manager  
Rick Reznick, Vehicle Inspection Program Interim Manager  
Jeffrey Stocum, Air Quality Technical Services Manager  
Gary Beyer, Vehicle Inspection Program  
Monty Grubbs, Vehicle Inspection Program  
Emil Hnidey, Air Quality Division



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## **Summary of Advisory Committee Input**

- The proposed fee increase for a Vehicle Inspection Program-issued certificate of compliance will have a fiscal impact.
- The extent of the fiscal impact includes motorists and businesses with vehicles registered in the Portland and Medford inspection areas, auto dealerships participating in the mobile on site testing program and businesses testing vehicles in the DEQ Too program.
- The fiscal effect on parties paying the fee increase will be small.
- The fiscal effect of the fee increase in the Medford area will likely be perceived as greater than in the Portland area because Medford motorists have been paying a lower fee than Portland area motorists.
- One member indicated the proposed fee increase could have a significant adverse effect on small business.
- A suggestion for mitigating the adverse effect on small business, and independent auto dealers in particular, was allowing a discount for businesses having multiple vehicles tested.
- The Vehicle Inspection Program provides a positive fiscal impact by preventing emissions of air pollutants that adversely affect public health.

## **Agenda Item: Welcome and Introductions**

Sue Langston, facilitator, opened the meeting. Division Administrator Ali Mirzakhilili welcomed and thanked advisory committee members. Sue asked advisory committee members in the room to introduce themselves and for advisory committee members on the phone to introduce themselves. Sue asked if any members of the public were in attendance or on the phone and no one responded. All DEQ staff in the room and on the phone introduced themselves.

Sue reviewed the purpose and scope of the advisory committee. The scope of the advisory committee includes proposed rule revisions for the Vehicle Inspection Program procedure updates and a fee increase. Out of scope for this rulemaking are VIP boundary changes, types of vehicles tested, or model years tested. The purpose of the advisory committee is to help DEQ evaluate the fiscal and economic effects of the proposed rule changes on individuals, businesses and small businesses. Sue indicated that the committee would discuss fiscal impacts, adverse impacts to small businesses, and ways to mitigate those impacts in the afternoon. She asked committee members to keep those questions in mind as they heard the morning's presentations. Sue walked through the committee charter with the members. Sue asked if committee members had any concerns about following the charter. No committee members expressed any concerns. Sue reviewed the agenda for the day.

## **Agenda Item: Presentation on VIP and the Clean Air Act**

Karen Williams presented an overview of federally regulated air pollutants, those most associated with vehicle emissions, and the national ambient air quality standards. In the mid-1970s and 1980s, air quality in the Portland and Medford areas of the state did not meet federal standards for ozone and carbon monoxide

and the Clean Air Act required that DEQ develop plans to reduce these pollutants. Areas not meeting national pollutant standards are subject to sanctions such as limitations on construction and federal funds. Once the areas were attaining standards, DEQ had to submit maintenance plans to EPA.

The vehicle inspection program is an important pollution control strategy in both the Portland and Medford implementation and maintenance plans. VIP began in Portland in 1975 and in Medford in 1986. EPA periodically reviews national air pollution standards and revises them in light of new environmental and health-related information. In 2015 EPA revised the ozone standard down from 75 parts per billion to 70 parts per billion; they considered values as low as 60 ppb. Karen showed two graphs of ozone measurements at multiple locations statewide (2007 – 2016), showing that ozone measurements were less than the standard, though occasionally greater than 65 ppb. Karen shared information from an ODOT 2017 report and the Portland State Population and Research Center, suggesting that vehicles miles traveled and population in Oregon are expected to increase over the next several years. With these trends, Oregon is likely to see increasing vehicle emissions and coupled with hotter summers, DEQ expects we could see periodic ozone concentrations approaching the current standard. Keeping the control strategies we have in place may help us avoid this scenario.

#### Questions/comments

- Why are some areas that EPA has designated in attainment with national air quality standards, such as Portland, treated differently than areas that have always been in attainment? For example, why is vehicle testing still required in the Portland area even though the Portland area no longer violates the ozone standard?

**Response:** DEQ continues to implement pollution control strategies, such as VIP, even after an area attains national air quality standard to maintain compliance with those standards. These strategies are in our maintenance plan that EPA approved and if we were to remove a control strategy we'd not only need EPA's approval to do so, we would need to demonstrate that we could attain a similar pollution reduction with another strategy.

#### Agenda Item: VIP Operations Overview

Doug Hatfield presented an overview of VIP's operations, procedures and program enhancements and innovations. VIP's inspection areas around Portland and Medford cover about one-third (1.3 million) of vehicles registered in the state. VIP's boundaries were based on census data that reflected commuter patterns in the two metropolitan areas. In the Portland area, there are six stations, none more than 25 miles from the boundary, and those stations tested more than 1 million vehicles in the last biennium. In Medford there is one station that tested over 100,000 vehicles in the last biennium. About 100 VIP staff fulfill various responsibilities of implementing this program: vehicle inspection, mobile on site testing, facilities and equipment maintenance, administration, and management. In coordination with Driver and Motor Vehicle Services, since 2006, DEQ has allowed motorists to renew their vehicle registrations at the same time they complete their vehicle test.

Vehicle testing is required biennially on vehicles 1975 and newer in the Portland inspection area and on vehicles 20 years old and newer in the Medford area. A new vehicle is exempt from testing in its first four model years. Gasoline vehicles 1996 and newer and diesel vehicles 1997 and newer, both up to 8,500 pounds, are tested by on board diagnostic computers. DEQ tests older vehicles with idle emission testing. Between 1996 and 2006, DEQ tested some vehicles with an enhanced test using dynamometers between 1996

and 2006, but this test was phased out as on board diagnostic testing was phased in. DEQ does not charge a certificate fee if a vehicle fails, but only when issuing a certificate of compliance.

DEQ had also introduced customer service innovations such as a self-service testing lanes, and last year, remote testing – called DEQ Too - that motorists can access at dozens of businesses in the Portland and Medford areas. In the last year, remote testing options account for about 2.5% of certificates sold. DEQ's VIP program receives thousands of positive customer comments each year, over 13,000 in 2017.

### Questions/comments

- Who are the telematics providers DEQ is working with?

**Response:** There are five companies DEQ works with who provide different kinds of devices: shared type devices that can test many different types of cars are made by Applus Technologies and Fanlogic Corporation. Constantly connected devices, such as those installed in cars and used by insurance companies are made by Automatic, Jiffy Lube International and Azuga.

- When is DEQ thinking of rolling this program out for fleets? Can fleets use their current systems in the DEQ Too program?

**Response:** DEQ would work with the fleet to make sure the devices they are using provide all the information DEQ needs. The DEQ Too website, [www.deqtoo.org](http://www.deqtoo.org), provides instructions for registering, the terms and conditions for entering an agreement to participate in the DEQ Too program, and specifications for telematics device providers.

- How does testing provided by partner businesses in the DEQ Too program affect the number of tests completed at the DEQ Clean Air Stations?

**Response:** DEQ Too has made very little change percentage-wise to the number of vehicles coming into Clean Air Stations for testing. Last year, about 2.5% percent of certificates were issued via the DEQ Too program. This program has helped DEQ maintain customer service levels at the stations, even with increased numbers of cars needing testing.

- Is there any testing for vehicles over 8,500 pounds?

**Response:** Yes. Gasoline vehicles exceeding 8,500 pounds are tested. Diesel vehicles are only tested up to 8,500 pounds.

### Agenda Item: Proposed Rule Revisions – Procedure Updates

Karen Williams reviewed with committee members the hand-out titled, “Draft Rules Revision Overview,” which was also posted on the Advisory Committee website. Karen noted that although the advisory committee was primarily a fiscal advisory committee to evaluate the impacts of the fee increase, that rule revisions will also include language clean-up and procedural changes in OAR 340-256, the rules pertaining to motor vehicles. DEQ doesn't expect those changes to have a fiscal impact but still wanted to present those changes to the advisory committee for their opinion and comment. Karen committed to advisory committee members that she would send them a “red-lined” version of the rule changes at least three days before the

public comment period opened. The public comment period would be open for at least four weeks after that, for advisory committee members, or any member of the public, to submit comments. The proposed revisions include:

- Requesting EPA approval of any revised rules in DEQ's State Implementation Plan
- Deleting language relating to the enhanced dynamometer test, no longer performed.
- Deleting language relating to noise testing.
- A fee increase for a certificate of compliance.
- Definitions added, deleted or updated to reflect current fleet characteristics and operations.
- Typographical and numerical corrections.
- Updating references and procedures to reflect current operations.
- Substitution of plain language where possible.

No committee member had a question or comment.

### **Agenda Item: VIP Outputs and Environmental Outcomes**

Karen Williams presented an overview of the outputs and outcomes of VIP, including the pollution prevention the program accomplishes. In 2017, VIP tested over 480,000 cars in Portland and more than 49,000 in Medford. DEQ inspections find that overall, approximately 6 percent of these vehicles do not have properly functioning pollution control systems, and that the more miles a vehicle has on it, the more likely it is to have problems with pollution control equipment. Karen showed a graph of vehicles tested in Portland in 2017, depicting decreasing failure rate with newer model years – newer model years being a surrogate for fewer miles on the vehicle. But, the real emission benefits from VIP come from the vehicle maintenance motorists take care of before they bring their vehicles in for testing – when the “check engine” light illuminates on their dashboard. Karen presented a graph showing results that VIP downloaded from vehicles' onboard computers. OBD codes are typically “cleared” when a vehicle's emission control system is repaired. The graph showed a sharp increase in the number of cleared codes -- accounting for 22% of the vehicles tested -- within three months of a vehicle's DEQ test, right around the time DMV mails registration renewals. Based on this information, DEQ believes that a significant benefit of the vehicle inspection program is that it acts as an incentive for motorists to repair their vehicles when the emissions control systems are not operating properly.

To better understand the pollution prevented by having an inspection and maintenance program, DEQ undertook an analysis to quantify the amount of criteria pollutants and toxics from on road sources in the Portland and Medford areas. DEQ's technical services staff used an EPA model (called MOVES) that quantifies emissions from all on road sources. DEQ modeled criteria pollutants – such as nitrogen oxides and volatile organic compounds -- and also 16 toxics associated with mobile emissions. DEQ looked at two scenarios -- with and without an inspection and maintenance program in place – and how vehicle emissions compared to total emissions from all sources in the emissions inventory for the Portland and Medford areas. Total emissions include on-road and off-road sources (like construction equipment), point sources (like permitted industry) and non-point sources (such as autobody paint shops).

Karen presented two graphs, showing the pollutant percentage from on-road sources in Portland and Medford. Based on 2014 data, in the Portland area, on-road emissions account for 22% of the volatile organic compounds, 44% of the carbon monoxide, and 53% of the nitrogen oxides emitted. In the Medford area, on-road emissions account for 39% of volatile organic compounds, 66% of carbon monoxide and 63% of nitrogen oxides. With another graph, Karen illustrated, on-road source contributions to several toxic

pollutants in the Portland area: 57% of the ethylbenzene, 45% of benzene, and more than 20% of several other toxics like acetaldehyde and polycyclic aromatic hydrocarbons. DEQ's analysis showed that if the vehicle inspection program were not operating in the Portland area, overall on-road emissions of 8 toxic pollutants would increase 10 to 20 %, and three criteria pollutants from on road sources would increase 7 to 19 percent. In absolute numbers, this would amount to an annual benzene increase of 42 tons and an annual volatile organic compounds increase of 1,400 tons. In the Medford analysis, overall emissions of toxic pollutants from on road sources (without VIP in place) increase 6 to 8%, on road emissions of criteria pollutants increase 5 to 7%, and benzene increases about five tons per year.

### Questions/comments

- Cars tested at dealerships and in fleets could account for a large number of daily tests. In your data, can you distinguish the vehicles of the general public from those being tested at dealerships or as part of fleets?

**Response:** The graph used in the presentation showing numbers of cars with OBD code clearing relative to time before registration renewal, included results from cars tested at the stations as well as those tested remotely and those tested at dealerships. The data can be parsed to show cars tested at stations versus dealerships, but in this graph, they are combined. The failure rate for cars tested at dealerships is, indeed, much lower than the average failure rate; it's less than 1%.

- To qualify for the mobile on site testing you need a certain number of vehicles -- you can't be a small operation with a lot of dirty cars; are these mostly new car dealerships and franchises?

**Response:** Yes, that's correct. DEQ Too could help to fill that gap (for smaller dealerships). As well, as DEQ Too is adopted by the larger dealerships, this could make the mobile on site testing van more available to smaller dealerships.

- But when a dealer is running a car through the station, you don't know that it's a dealer car, correct?

**Response:** Yes, that's correct.

- When you say "on road", are you just talking about light duty vehicles and heavy gasoline vehicles? This could not include heavy duty diesel on road vehicles because heavy duty diesel would contribute more than the bar graph shows for PM 2.5.

**Response:** DEQ's understanding is that "on road" sources in the emission inventory includes all on road vehicles. The MOVES model, however, does not account for particulate contributions from diesel vehicles. Also, in other presentations that show sources of specifically diesel particulate matter, the on road contribution is much higher. [After the lunch break, Karen read to the committee a portion of the methodology section from the Technical Services report which confirmed that on road sources in the emission inventory included all on road vehicles – gasoline and diesel.]

- What year is this data from?

**Response:** 2014

- How did you figure out the "No VIP" scenario?

**Response:** The MOVES model gives “credit” or calculates pollutant reductions attained by having certain pollution control strategies in place. If the analyst wants to model what on road emissions would be given particular fleet characteristics and other control programs you have in place, in an oversimplified way, you uncheck the box for an inspection and maintenance control program.

- Have pollution control systems on cars gotten better over time? For example, the California clean car standards Oregon adopted reduce greenhouse gas emissions and toxics; is that because the pollution control systems that manufacturers use have gotten better?

**Response:** Yes, pollution control systems have gotten better and more durable. Also, the introduction of on board computers allowed for reduced emissions because of the ability to precisely control the stoichiometry of combustion. OBD also alerts the motorist there is a problem with the emissions control system so the motorist can have it quickly repaired. One committee member observes that their repair shop is replacing fewer oxygen sensors and catalytic converters; they are more durable and may be related to California’s extended warranty requirement.

### **Agenda Item: VIP current and projected revenue and expenses and proposed fee increase**

VIP’s 17-19 budget is approximately \$24 million and comes from fee revenue plus a relatively small amount (\$1.4 million) from DMV. In the 2005 – 2007 biennium, when the dynes were still in place, VIP had approximately 130 full time equivalent staff positions. Since then, the number of positions declined and held steady at approximately 100 FTE, until 2017 when the program reduced staffing by 7 FTE. In the 2013 – 15 biennium, expenses began exceeding revenue, driven largely by increasing personnel costs, but the program was able to manage until now by using ending balances. DEQ prefers to have about \$3 million in ending balances in VIP to maintain cash flow in the first months of the new biennium.

The largest portion of VIP’s current biennium budget is personal services (salaries and benefits) and the second largest category is service and supplies (e.g. training, telecommunications, utilities, uniforms, property leases). Indirect costs pay for agency central services, such as accounting and agency management. Capital costs and special payment make up slightly more than 3% of the VIP budget.

DEQ must submit a balanced budget to the Legislative Fiscal Office - meaning expenses cannot exceed revenue – and for the 19-21 biennium, that shortfall is about \$4.6 million. This equates to 8 FTE positions – 5 inspectors and 3 administrative staff that work at the VIP Tech Center. Reducing the program by 8 FTE may result in increased wait times at the stations and would decrease technical and administrative support available to the public.

DEQ last increased the VIP fee in 1997 and that was intended to support the program for 10 years. With program efficiencies, innovations and careful spending, the program has been able to sustain itself for an additional 11 years. DEQ projects that certificate sales will continue to increase, but those small increases would not generate enough revenue to sustain the program. The current fee is \$21 in Portland, \$10 in Medford, and \$26 for mobile on site dealer testing. The proposed fee structure is:

- Portland Metro Area - \$25 per certificate; \$4 increase
- Medford–Ashland Area – \$15 per certificate; \$5 increase per biennium until 2023, when the fee reaches \$25 per certificate.
- Mobile On Site Dealer Testing - \$30 per certificate; \$4 increase

The new fees would become effective on July 1, 2019 and DEQ projects that revenue would increase \$4.6 million in the 19 – 21 biennium. DEQ expects the new fees to sustain the program through the 23 – 25 biennium.

### Questions/comments

- Do you take into consideration the number of electric vehicles being sold?

**Response:** Yes, we take that into consideration when we project the number of vehicles we expect to test.

- What is the cost difference to administer the program through the stations versus DEQ Too?

**Response:** At this point, we don't have enough DEQ Too users to be able to answer that question; DEQ Too is currently only about two percent of certificates sold.

- Referring to a graph of certificates sold and projections: Do you expect to sell fewer certificates?

**Response:** No. Because of the scale on the graph, it is difficult to discern small increases and decreases. The data actually shows the trend staying flat or increasing a small amount.

- Who set the VIP boundaries?

**Response:** The boundary is set in Oregon administrative rule and that was last done in 1994. DEQ not only looked at vehicle registration data but also census block data. In particular, DEQ used travel-to-work data to understand what cars were coming into the metro area and from where. Other factors were considered as well and the rule was open to public comment.

- Do you have confidence that the data accumulated in 1994 is still relevant? Or will it be reviewed?

**Response:** DEQ acknowledges that the census data is more than 20 years old. While the VIP boundary is out of scope for this rulemaking, we could be looking at that in the next couple of years when we have new census data. Potential changes could include a boundary expansion.

- Can you provide the rule citation for the boundaries? Do you have other guidance or specific language that gives the agency direction for setting the boundaries?

**Response:** Yes, though the rule language that defines the boundary, itself, is quite long and detailed. Criteria for the methodology DEQ uses is not in rule but Karen will assemble a summary of what kind of information DEQ considered when the boundary was last set. Karen will also send the committee maps of the boundary that are finer resolution than what is available on-line.

### Agenda Item: Review Fiscal Impact Statement

The Committee reviewed the draft fiscal impact statement. DEQ is required to share with all potentially affected stakeholders what DEQ believes to be the fiscal impact of this rulemaking and fee increase. DEQ does not do an in-depth economic analysis, consult economists or conduct original research. We rely on the

fiscal advisory committee to help us understand what the fiscal impact of this rulemaking will be on individuals, constituents, large and small businesses. The advisory committee's input, comments, questions and requests for DEQ to consider additional information are very valuable and will inform our revisions to the fiscal impact statement.

### Questions/comments

- Would legislative approval be required for this fee increase? Are they aware of it?

**Response:** Yes, the 8 FTE that would be cut were part of a policy option package submitted as part of the agency request budget. Those positions would be restored if the Legislature approves the fee increase. All fee increases that agencies propose must be approved by the Legislature.

- Regarding the environmental justice analysis: For Damascus, please revisit that data – it does not look representative. The city boundary for Damascus is also out of date on the VIP boundary map. The city of Damascus disincorporated two and a half years ago. Other annexations to Clackamas County cities are not shown.
- How and why did you pick the four focal points for the EJ Screen analysis?

**Response:** DEQ picked the four locations to represent a roughly equal distribution across each of the two vehicles inspection areas – for Portland, a 10-mile radius around each of the three locations approximately covers the vehicle inspection area. Since Medford is roughly in the center of that vehicle inspection area, DEQ retrieved data from a 10-mile radius around that city. DEQ didn't choose the four focal points to convey particular characteristics of the cities, themselves.

- Advisory committee member suggests that to retrieve information about vulnerable populations and who will have to pay the fee, DEQ should cover the whole vehicle testing area. This EJ section does not seem representative of the question: what vulnerable populations will be affected by the fee increase?

### Agenda Item: Discussion of Fiscal Impact and Methods to Reduce Fiscal Impact on Small Businesses

DEQ projected the following questions on the screen and asked the advisory committee:

- Will the rule have a fiscal impact?
- What will be the extent of the fiscal impact?
- Will the rule have a significant adverse impact on small businesses?
- If so, how can that adverse impact be mitigated?

### Questions/Comments

- Has DEQ done a cost comparison of DEQ to private businesses – like auto repair shops - providing vehicle inspection service? DEQ's loaded costs for salary and benefits per VIP employee look to be about \$170,000, which is a considerable load. Can we meet the air quality standards at a lower overall cost to the consumer?

**Response:** Note that DEQ's presentation presented the biennial budget so the personnel costs the advisory committee member referenced would cover two years. DEQ calculates that a Public Service Representative 3 expenditure – the most common classification in the vehicle inspection program – is

about \$223,000 per biennium. Expenditure for a station manager – a higher classification – is about \$345,000 per biennium. DEQ did an analysis of the costs of privatizing the vehicle inspection program and found at that time that the cost per test for the consumer would have exceeded the certificate fee DEQ was charging.

- An advisory committee member notes that repair shops using DEQ Too may also charge a fee for that service to the consumer, in addition to the cost of the certificate.
- An advisory committee member comments that the issue of decentralized testing has been discussed in the independent auto repair industry over several decades and has noted the considerable expense for shops to be equipped to conduct the testing, manage the data, and assure the integrity of the process. Member also notes potential conflict with a repair shop charging a consumer for the vehicle certification as well as for the repair of the vehicle.
- Committee member notes that as DEQ Too participant, via the remote connection they are simply transmitting the information about the vehicle's emission control system with the vehicle identification number to the DEQ vehicle inspection program. The DEQ Too participant does not pass or fail the vehicle – DEQ VIP still makes that decision.
- Committee member comments that for lowest income Oregonians, though they are more vulnerable to all cost increase, this fee increase is modest. Not raising the vehicle inspection fee does not solve problem of lower income people being more vulnerable. Committee member supports the fee increase.
- Committee member comments that the rule will not have a fiscal impact. Four dollars per vehicle per biennium is not significant. Recommends raising the fee to maintain high level of service in an important program.
- Committee member comments that a \$2 increase per year per vehicle is not insignificant for car dealers. A dealer might test 60 cars per month and this will have a fiscal impact on them. Suggests that a bulk discount, coupon or discounted prepayment for multiple vehicles would help dealers. Most dealers are very small businesses, having less than 10 employees.
- Committee member comments that auto dealers could increase the cost of a car by \$4 to cover the cost of the fee increase and that does not seem like a large fiscal impact. Also all dealers within the boundary could increase car cost by \$4 so no one would be at a competitive disadvantage.
- Committee member comments that wholesale price of cars is getting closer to retail price, so any increase (e.g. DEQ fee, business license, electricity) cuts into their income.
- Committee member comments that is unfortunate that these discussions of fiscal impact don't allow for benefits analysis as well as cost analysis. For example, the cost of emissions is highest on environmental justice communities, as a public health cost and out-of-pocket costs (e.g. purchasing more inhalers, lost work days). We should have a column for benefit analysis as well as cost analysis in fiscal impact statements.
- There are benefits of VIP to the environmental justice communities, which are often located along major freeways.

- When we say “small business,” are we talking just about dealerships or other small businesses, like restaurants? Do we know the average fleet size of a small business?

**Response:** We are talking about any small business. Based on VIP inspectors’ experience, small businesses like an auto parts store or paint shop, would have fewer than five cars in their fleet. Businesses like cable companies would have more than that.

- If VIP does not remain sustainable, there would be a negative fiscal impact on small auto repair businesses. Auto repair driven by a check engine light, is not only benefiting air quality but also the longevity of the vehicle. There would also be a fiscal impact on other sources of air pollution (e.g. industrial, commercial) that would have to reduce their pollutant load if autos were not doing their share.
- Air quality is improving because of these programs working together: check engine lights notifying motorists of problems, motorists bringing cars for repair, manufacturers making better products.
- Because the Medford fee is going up more than the Portland fee, and in three increments, even though it’s still not much money, DEQ should expect more opposition to the fee increase in Medford. Commenter agrees with fiscal impact statement that there are more low income people in Medford area, particularly retired people.

DEQ asks, in particular, if there will be a significant adverse impact on small businesses and if so, what can we do to mitigate that.

- As an example of a way to mitigate the impact, for auto dealers, DMV sells trip permits in books, and each permit needs to be turned back in to DMV, whether it’s used or not. Something like this, if dealers could pre-purchase a book of certificate fees, at a reduced rate, and each coupon would be redeemable when a vehicle comes into a station and passes the test.
- If DEQ reduces the fee increase for auto dealers, and still needs to meet a revenue target to sustain the program, then individual motorists will have to pay more.
- Small businesses pay numerous fees, licenses, insurance premiums and taxes. While this fee increase is not adverse, these costs are cumulative and we need to recognize that and keep in mind that small businesses provide most of the jobs in state. Government should make sure we keep our costs as low as possible for businesses and still meet the needs of our citizens.
- Given the broad range of small businesses, for some the fiscal impact may be zero and for other the impact may be substantial. Recommend that DEQ reach out to local chambers of commerce, who will have a good perspective about how this could affect their members.
- Do we have criteria or threshold for determining what constitutes “significant impact?”

**Response:** No, we don’t have criteria and DEQ doesn’t define for stakeholders what would be a significant impact to them. DEQ looks to the entities affected to define what they consider a significant impact.

- We need to wait for a small business to come forward in the public comment period and say this is going to have a significant adverse impact to them – otherwise, we are just spinning our wheels.

Commenter sees no evidence at this point that this creates a significant adverse impact on small business.

Meeting adjourned at approximately 2:20 p.m.

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