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|  | **State of Oregon Department of Environmental Quality** |
| **Oregon Low Emission Vehicles – 2018 update**  **Fiscal Impact Statement** |
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## Note – Tables

If you use tables in your document, they must use the formatting illustrated in the table below, as to fonts and borders. You can copy and paste to other locations in the document.

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| Table Title (Arial 16) Additional Title (Arial 14) Even More Info, Date (Arial 11) | | | |
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| **Subheading 3 (Arial 12)** | | | |
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The sections and questions in this section are all specifically required by statute.

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| Fee Analysis |

This rulemaking does not involve any fees.

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| Statement of fiscal and economic impact |

## Fiscal and Economic Impact

The fiscal and economic impacts of this proposal are California Air Resources Board analyses developed for the LEV III and ZEV 2.0 rules adopted in 2012. See references above.

## The LEV III regulations limiting greenhouse gases and traditional tailpipe pollution from motor vehicles are essentially the same as the federal Tier 3 regulations already adopted. Therefore, the fiscal impact of Oregon adopting the LEV III rules is negligible. However, the ZEV 2.0 regulations would have substantial fiscal effects when fully implemented in 2025. DEQ expects the new zero-emission vehicle rules would increase the total number of new zero-emission vehicles sold in Oregon and therefore reduce the total cost of those advanced vehicles. At the same time, the new zero-emission vehicles would have greatly reduced operating costs. The overall savings produced by the increased efficiency of battery-electric vehicles and plug-in hybrid electric vehicles are expected to approximately offset the increased initial cost of compliant vehicles.

## Statement of Cost of Compliance

If unable to estimate or quantify the impact, say something like, “DEQ is unable to quantify the impact at this time because …” then explain why. It is OK to say we do not have available data to make this estimate. Rather than repeat identical impacts, its OK to reference the impact on other entities such as, “For large businesses, the cost to comply with the proposed rules is identical to costs described under small businesses. Do not change the order of the entities in the list below because it aligns with our electronic filing with Secretary of State.

Enter text here

### State and federal agencies

Impacts on state agencies would be the same as the public.

### DEQ

The proposed rules would modify rule requirements but do not require changes to the way DEQ implements the rules. DEQ expects to continue program activities without significant changes. A possible exception to this may arise from a new optional feature of the zero-emission vehicle program that allows manufacturers to average their compliance obligations over two regional pools - one for Eastern states and one for Western states. Trading is permitted between the two pools at a 1.3 to1 ratio. This suggests a possible need for a new interstate information-sharing capability to verify the authenticity of vehicles placed in other states. Expectations are California would lead in the development of any new capability needed for this purpose but Oregon could be asked to contribute to maintaining the enterprise.

Direct Impacts

TEXT

Indirect Impacts

TEXT

### Local governments

Direct Impacts

Impacts on local governments would be the same as the public

Indirect Impacts

TEXT

### Public

California projects the lifetime costs and savings of different types of zero-emission vehicles in Table 5.7 of their “Staff Report: Initial Statement of Reasons, Advanced Clean Cars” scheduled for consideration Jan. 26-27, 2012. Relevant portions of that table are below:

Direct Impacts

TEXT

Indirect Impacts

TEXT

### Large businesses - businesses with more than 50 employees

Vehicle manufacturers are the most significant large businesses subject to fiscal impacts from this proposal. Auto manufacturers would realize increased costs to provide the technology needed to produce compliant vehicles. Regulated manufacturers are likely to adjust their product line and accelerate development and production of advanced technologies. DEQ expects manufacturers would pass increased costs to vehicle buyers through increased prices.

Some new vehicle dealers are categorized as large businesses. Those dealers would be subject to the same effects as dealers that are small businesses as described below.

Direct Impacts

TEXT

Indirect Impacts

TEXT

### Small businesses – businesses with 50 or fewer employees

Primary responsibility for complying with the proposed rules falls to auto manufacturers, which are large businesses. However, many auto dealers are subject to the rules as well, some of which are small businesses. Auto dealers could experience increased inventory costs due to the higher value of zero-emission vehicles. They could also experience increased costs to train sales and maintenance staff to familiarize people with and to service larger numbers of zero-emission vehicles. Some dealers may benefit from manufacturers’ incentives to sell new types of vehicles. Auto dealers have almost no administrative burden. Their responsibility is limited to selling only compliant or exempt vehicles for use in Oregon and providing information to DEQ upon request.

Other small businesses that may be affected by these proposed rules include independent automotive repair shops. Currently, Oregon’s regulations do not require any vehicles to carry a 15-year/150,000 mile warranty. After 2017, the proposed rules would align with California’s regulations to recognize the extended warranty as an optional feature. Vehicles that have the 15-year/150,000 mile warranty would meet slightly relaxed emission limits on the expectation that the extended warranty period will keep vehicles in good repair throughout their useful lives. To the extent that auto manufacturers choose to use this feature, the independent auto repair industry could lose business to franchised auto dealer and auto repair businesses. The economic effects of this voluntary provision cannot be estimated.

Resources: DEQ can access the latest Department of Employment data that includes employer name, location, number of employees and North American Industry Classification System Code

Direct Impacts

TEXT

Indirect Impacts

TEXT

#### a. Estimated number of small businesses and types of businesses and industries with small businesses subject to proposed rule.

Businesses subject to the Low Emission Vehicle program are dealers of new and used cars and trucks. The Driver and Motor Vehicles division reports Oregon has 379 new-vehicle dealers. DEQ estimates approximately half of these new-vehicle dealers are small businesses. In addition, Oregon has 1,821 other dealers essentially all of which are small businesses. These dealers would need to verify that used vehicles with 7500 or fewer miles comply with California standards.

EXAMPLE: Assuming all manufacturers in the lowest fee tier are small businesses, these proposed rules could affect 109 small businesses.

EXAMPLE: Using recent employment data, DEQ compared the 64 businesses registered with the Clean Fuels Program to current employment data to determine how many people the business employs. Thirty-eight are small businesses. Of those 38, two are Oregon producers of fuels, nine are small importers of finished fuels and 24 are large importers.

#### b. Projected reporting, recordkeeping and other administrative activities, including costs of professional services, required for small businesses to comply with the proposed rule.

The existing program places very little administrative burden on small businesses. Reporting requirements are limited to providing documents upon DEQ’s request. That would not change with these proposed rules.

EXAMPLE: No additional activities are required to comply with the proposed rules. All manufacturers already pay registration fees

#### c. Projected equipment, supplies, labor and increased administration required for small businesses to comply with the proposed rule.

The propose rules would not increase costs or administrative burden on small businesses. As described under “Impacts on public” above, small businesses that purchase vehicles would be experience the same costs and savings.

EXAMPLE: No additional resources are required for compliance with the proposed rules. All manufacturers already pay registration fees.

#### d. Describe how DEQ involved small businesses in developing this proposed rule.

DEQ notified the Driver and Motor Vehicle division of the Oregon Department of Transportation early in the rule development process so information could be shared with dealers through DMV’s Oregon Auto Dealers’ Advisory Committee. DEQ also directly notified three dealer associations of the upcoming rulemaking: Oregon Auto Dealers Association, Oregon Vehicle Dealers Association and Oregon Independent Auto Dealers.

EXAMPLE: DEQ included small business representatives on the Oregon E-Cycles Registration Fee Advisory Committee that advised DEQ on the cost of compliance for small businesses. DEQ also provided rulemaking notice to all manufacturers registered with Oregon E-Cycles and fee-payers. These groups included small businesses.

## Documents relied on for fiscal and economic impact

The requirement to list the documents relied on to determine fiscal impact is separate from and in addition to the similar list in the *Rules affected, authorities, supporting documents* section above.

Only list documents specifically used to determine the fiscal impact. Do not list documents that only contain the underlying statutes or rules.

| Document title | Document location |
| --- | --- |
| Title | Link or office address |
| WHEN USING EMPLOYMENT DATA – DO NOT PUBLISH ANY EMPLOYMENT LISTINGS.  Oregon Department of Employment  # quarter 20yy data | Employment Department  875 Union Street NE  Salem OR 97311 |
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## Advisory committee

The requirement to discuss an advisory committee in this section is separate from and in addition to discussing the advisory committee in the *Stakeholder Involvement* section. The question to be addressed here is whether an advisory committee reviewed the fiscal impact statement.

OPTION 1

DEQ appointed an advisory committee.

As ORS 183.333 requires, DEQ asked for the committee’s recommendations on:

* Whether the proposed rules would have a fiscal impact,
* The extent of the impact, and
* Whether the proposed rules would have a significant adverse impact on small businesses and complies with ORS 183.540.

The committee reviewed the draft fiscal and economic impact statement and

Choose one:

-documented its recommendations in the (enter title and date of document)

or

- its findings are stated in the approved minutes dated DATE.

The committee Enter specifics about the committee’s fiscal impact review. The committee determined the proposed rules would/would not have a significant adverse impact on small businesses in Oregon.

Only if the committee determined there would be a significant adverse impact on small business, include the following:

As ORS 183.333 and 183.540 require, the committee considered how DEQ could reduce the rules’ fiscal impact on small business by:

* Establishing differing compliance or reporting requirements or time tables for small business;
* Clarifying, consolidating or simplifying the compliance and reporting requirements under the rule for small business;
* Utilizing objective criteria for standards;
* Exempting small businesses from any or all requirements of the rule; or
* Otherwise establishing less intrusive or less costly alternatives applicable to small business.

Explain the outcome of the above review.

Housing cost

As ORS 183.534 requires, DEQ evaluated whether the proposed rules would have an effect on the development cost of a 6,000-square-foot parcel and construction of a 1,200-square-foot detached, single-family dwelling on that parcel. DEQ determined the proposed rules would have no effect on the development costs because the proposed regulations affect auto manufacturers and auto dealers.