



State of Oregon Department of Environmental Quality

# Draft Fiscal Impact Statement

Vehicle Inspection Program Updates 2024

Advisory Committee Meeting 3

## Introduction

DEQ invites public input on proposed permanent rule amendments to chapter 340 of the Oregon Administrative Rules.

## Fee analysis

This rulemaking does not involve fees.

## Statement of fiscal and economic impact

### Fiscal and economic impact

The proposed rules would have little changes on existing fiscal impacts for DEQ and the Remote OBD Program Participants as these entities have been operating for several years under Terms and Conditions which were operated under interpretation of OAR 340-256-0358. This rulemaking and fiscal and economic impact statement are happening to formally recognize the program in rule.

As of 2024, DEQ only charges the fee for the Clean Air Certificate per OAR 340-256-0320 which is not within the scope of this rulemaking.

DEQ will continue to incur the ongoing costs required to support the technology systems for the Remote OBD Program. These costs include the maintenance, operation, and replacement of equipment. Other technology costs include website support and web domain credentials. (i.e servers costs, staff hours) [Table 1]

Testing Participants will have costs that they agree to with Device Provider Participants. DEQ has no influence or control over these costs.

Customers who choose to do their vehicle emissions testing will having varying costs they must pay for the test to be completed. The costs for testing varies from no cost at Clean Air Stations and potentially at some Host locations to whatever price Hosts may choose to charge. The only restrictions on costs is that Hosts may not charge the same price as a Clean Air Certificate in their respective areas.

# Statement of cost of compliance

## State agencies

Table 1 shows the positions, estimated hours, and full rate costs of VIP staff and services to run the Remote OBD Program.

<b>Table 1 Cost of Program Operation on Agency Remote OBD Rulemaking, August 12, 2024</b>			
<b>Titles and Hours</b>		<b>Rates</b>	
<b>Job Title and Hours Per Month</b>		<b>Full Rate Per Hour and Full Rate Per Month</b>	
Environmental Engineer 2 - SR30 - Exempt	18.0	\$78.44	\$1,411.92
Information Systems Specialist 5 - SR28 - Non Exempt	4.0	\$100.34	\$401.36
Public Service Representative 4 - SR20 - Non Exempt	96.0	\$75.86	\$7,282.56
Operations & Policy Analyst 3 - SR30 - Exempt	80.0	\$96.88	\$7,750.40
Accounting Technician - SR19 - Non Exempt	3.0	\$76.19	\$228.57
Public Service Representative 4 - SR20 - Non Exempt	3.0	\$68.80	\$206.40
Administrative Specialist 2 - Non Exempt	3.0	\$75.86	\$227.58
Office Specialist 2 - SR15 - Non Exempt	3.0	\$65.80	\$197.40
Office Specialist 2 - SR15 - Non Exempt	3.0	\$65.80	\$197.40
Business Operations Manager 3 - Exempt	2.0	\$136.85	\$273.70

Table 2 shows the costs for IT that can be directly tied to the Remote OBD Program. While there are other IT costs associated with running the program it is not feasible to distinguish them from other general IT functions utilized by DEQ.

<b>Table 2</b> <b>Cost of IT Hardware and Software</b> <b>Remote OBD Rulemaking, Aug. 12, 2024</b>	
<b>Development and Production</b> <b>SQL Servers</b>	<b>Development and Production</b> <b>Application Servers</b>
<b>\$1,423/year</b>	<b>\$468/year</b>

### **Local governments**

There are no fiscal impacts anticipated for Local Governments.

### **Public**

Where the public chooses to test their vehicle will determine the financial impact on individuals. If the public chooses to test at a DEQ Clean Air Station (CAS) there will be no fiscal impact as there is no charge for emissions testing. If the public chooses to use a Remote OBD Participant location the fiscal impact depends on the amount charged by the business to complete the test. The charge at Participant could be any amount other than the cost for a Clean Air Certificate in their respective inspection areas.

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

Device manufacturers may be large businesses. However, as they offer a variety of services and have been involved in the Remote OBD program from its initial stages the expected impacts for these businesses are minimal.

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

#### **ORS 183.336 Cost of Compliance Effect on Small Businesses**

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

There are 346 Participants currently enrolled in the Remote OBD Program as testing participants. Assuming all Participants are small businesses the areas of the businesses impacted are broken down into three categories:

- Dealership: 185
- Fleets: 13
- Hosts: 148

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

Small businesses, voluntarily enroll into the program, will have to keep a copy of their enrollment forms, a record of receipts from Remote OBD tests charged to a customer, and must display DEQ required signage.

DEQ does not anticipate a large increase in the volume of work. There may be an increase in workload in the first few months as the program formalizes in 2025. Examples of this work would be sending existing participants any documents that they are required to keep for their records, a potential increase in interest to join the program due to increased awareness due to the rulemaking process, or updates to websites for the Remote OBD Program. Such increases are not expected to be substantial or overly burdensome.

Recordkeeping requirements for complying with the proposed rulemaking are not overly burdensome for small businesses. The proposed rules require all participating businesses to keep and maintain the appropriate records with no special consideration given to the size of the business.

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

DEQ does not have data on the cost of the device or any additional service required for participation in the Remote OBD Program. That is determined between the business and the Device Manufacturer.

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

Currently there are 185 Dealerships, 148 Hosts, 13 fleets, and 3 Device Manufacturers in the Remote OBD Program.

In fielding the RAC DEQ invited six members of the current Remote OBD Program to provide their feedback and insights on the proposed rules. Two were Hosts, two from Dealership associations, and two from Device Manufacturers.

Our goal was to have one Host from each inspection area so they could provide insights about their experiences and having one from each inspection area allowed for any potential differences in geographic area to be expressed.

Both S-Type (Shared/Snapshot) Device Manufacturers were invited as well. Most tests performed by Participants of the Remote OBD Program use the S-Type device as it can be utilized across any vehicle that meets the requirements for remote OBD testing.

## Documents relied on for fiscal and economic impact

Document title	Document location
DEQ Remote OBD Cost Estimates	<a href="#">DEQ Remote OBD Cost Estimates.xlsx</a>

## Advisory committee fiscal review

DEQ appointed an advisory committee.

As ORS 183.333 requires, DEQ ~~asked~~will ask 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; if so, then how DEQ can comply with ORS 183.540 reduce that impact.

## 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 program has not demonstrated an impact on housing costs in the past. The proposed rules would be codifying a program that has been operating via agreements between DEQ and the participant. None of the economic data obtained during the program operations indicate an impact on development costs of a single-family dwelling. As the rulemaking relates to mobile source emissions inspections, the proposed rules do not increase nor decrease the cost of construction or development of a single-family dwelling as described by ORS 183.534.

## Racial equity

ORS 183.335(2)(a)(F) requires state agencies to provide a statement identifying how adoption of this rule will affect racial equity in this state. Adoption of this rule codifies a program that relates to controls for mobile source emissions that are used in air pollution reduction efforts to comply with both federal and state requirements. Reducing air pollution both state-wide and at the local level through mobile source vehicle testing has the potential to reduce the impact of pollution on marginalized communities and increase racial equity in Oregon. The analysis of this proposed rulemaking has no data suggesting a positive or negative impact on racial equity in this state. It has been assumed that increasing the availability of vehicle emission testing locations and times through the remote OBD program will benefit all members of the community in general. More research and data will be needed to provide adequate analysis on the program's impact on racial equity.

# Environmental Justice Considerations

ORS 182.545 requires natural resource agencies to consider the effects of their actions on environmental justice issues. DEQ considered these effects by analyzing the current program for any negative impacts on environmental justice issues and convening a rule advisory committee with members who represent communities focused on environmental justice. DEQ will continue in its efforts to consider environmental justice issues related to the proposed rulemaking by opening the rules for 30 days for public comment, and hosting a public hearing where members of the public can voice comments on the rule and potentially address any environmental justice concerns they have with the proposed rule language.

## Non-discrimination statement

DEQ does not discriminate on the basis of race, color, national origin, disability, age or sex in administration of its programs or activities.

Visit DEQ's [Civil Rights and Environmental Justice page](#).