

## The Northwest Food Processors Association **OPPOSES** SB 324

The Northwest Food Processors Association represents 151 food processing companies in Oregon, Washington and Idaho with about 250 production facilities throughout the northwest. Roughly 25,000 Oregonians are employed by the food processing industry.

### **Low Carbon Fuel Standards Could Increase the Cost of Food**

- In 2000, over 90 percent of the corn crop in the United States was used to feed people and livestock. Less than 5 percent was used to produce ethanol. In 2013 about 40 percent of corn was used to produce ethanol.
- The diversion of corn from food and feed to fuel has increased the costs significantly, which increases the cost of all food products containing corn. Corn is used in some form or another in approximately 75% of all food found at the grocery stores.
- There is also a significant impact on dairy, beef, pork and poultry industries as corn is an important source used in livestock feed. Higher feed products drive up the cost of milk and meat prices and make domestic producers less competitive with foreign imports.
- To help reduce rising corn prices, the European Union Energy Council reached agreement to limit the amount of biofuels produced from food crops to seven percent of the fuels used in transportation. Also, EPA's Renewable Fuel Standard includes a cap on the amount of corn ethanol that can be used to meet the requirements for renewable fuels.
- The impact of higher food prices are most directly felt by individuals and families that are least able to afford these increases.

### **The Low Carbon Fuel Standard is a Hidden Gas Tax**

- Increases in gas prices will make it more costly for consumer goods to be transported, adding costs to the industry, and costs to the consumer.
- Even the DEQ assumes that gas prices will increase anywhere from 6 cents to 19 cents. In 2009, when Oregon passed a 6 cents gas tax the impact was \$300 million in increased tax revenue.
- With the enactment of this policy, it is very likely that gasoline prices will be much higher than cost increases assumed by the DEQ. Other studies show that the cost of gas could increase somewhere between 33 cents and \$1.06 per gallon.

### **The Hidden Gas Tax doesn't Help Improve Oregon's Aging Transportation Infrastructure**

- No revenue raised from the increases in gas prices as a result of the Low Carbon Fuel Standard would be put toward repairing roads, adding new lanes to decrease congestion, or improving the aging bridge infrastructure.

- Oregon residents and businesses will be asked to pay an additional tax if they want to fund improvements to Oregon's aging road system.

Until cellulosic or other advanced biofuels are available in sufficient quantities to achieve the carbon intensities required in the Clean Fuels Program, use of corn ethanol will not produce the anticipated greenhouse gas reductions in the Clean Fuels Program (The reason for this is that the total carbon intensity for corn ethanol is 88, while the carbon intensity for gasoline is 89). This stated primary benefit of the Program will not be realized. Most studies, including the EIA and the EPA, forecast insufficient alternative fuel supplies over the next decade. Demand for fuels in short supply will increase the cost of these fuels and consumers will see price increases at the pump. This will also have a damaging effect on Oregon industries that use transportation fuels in their businesses and that rely on their own fleets or on the freight and logistics industry for transport of their raw and finished goods. Moreover, reliance on corn ethanol will impact corn markets, increase the price of corn and adversely affect food processors and the price of food on grocery shelves.

**Vote NO on SB 324**