

February 4, 2015

To: Senate Environment and Natural Resources Committee

RE: SB 324 – Low Carbon Fuel Standards

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Dear Committee Chair Senator Edwards & Committee Members,

I urge you to oppose SB 324. Here are the reasons for your consideration.

First, I am a small business man. Margins for small business are very thin and costs of fuel and energy are significant. With slim margins and costs estimated to actually increase the price of a gallon of fuel by \$1.00/gallon, mean all the costs will be passed along to our customers or we will have to reduce our single highest cost ... labor. In that respect, there is an estimate of a loss of 29,000 jobs in this state if the Low Carbon Fuel Standards (LCFS) do not sunset in 2015. Oregon lags the U.S.A. in employment, or put another way, we are a leader in unemployment. LCFS may well make a bad situation even worse.

To imagine Oregonians being competitive with those outside the state with our costs of LCFS approaching \$1.00/gallon is a stretch, and would certainly contribute to our anti-business reputation. This is a stealth tax, pure and simple. Promises by proponents to include mechanisms to protect consumers against price spikes lack any clear definition and are not supported by other cost containment promises by our legislators. I am sure you have all heard the plethora of examples. You can't simply declare it so and disregard economics.

The bio-fuels required by this initiative are simply not available in the medium term and would probably have to be imported from foreign producers in the foreseeable. How does this help our economy? Very few states are following the pattern discussed in our LCFS legislation, and California has found it both unfeasible and unconstitutional. Again, Oregon's ability to compete is compromised and makes it easier for companies to relocate from our state to friendlier climes. Even our amenities that make it so desirable to live here have an economic ceiling.

HB 2186 was passed without a single Republican vote in 2009, and not all Democrats voted for it. 3 prior bills were introduced in the 2013 legislative session to extend the sunset but all failed to pass. This indicates there is no groundswell for the permanent implementation of LCFS. How many of you campaigned specifically for LCFS?

Our current mandate for ethanol has caused higher costs for maintenance, as evidenced by the sale of high octane, ethanol free gasoline. Ask any small engine repair facility what the cause of most of their run ability problems are and they will say ethanol and recommend the higher test fuel. Cars do better, though they too can benefit by ethanol free fuels, but how will our vehicles be affected by these 'special' fuels? We all recall the effect on air craft and water craft, plus the problems in extremely cold weather experienced in Central and Eastern Oregon. The legislature even passed wintertime exemptions for special blend diesel east of the Cascades. Making special fuels for Oregon's relatively small market with no refinery can only promise interrupted supply and higher costs.

The Oregonian and the Bend Bulletin have called this one and both oppose SB 324. One quote was the misrepresentation "By the Governor's office on down." The stealth tax and telling parts of the story but not telling the whole truth were also factors in their op eds. State government really needs to get behind credible projects after the last few years of questionable initiatives.

Of significant concern is the lack of or questionable benefits of this legislation, much of which is not substantiated in anything I've found. Statements have been made, but they don't make it so. What is certain are the costs Oregonians will be on the hook for. It is fair to say that legislative estimates of costs are generally far below what is realized, and the benefits fall woefully short of anticipation. Good intentions are not worth estimates missed. The truth is, what we do in Oregon will have virtually no or minuscule impacts on the climate.

From Molly Woon, Communications Director, Senate Majority office

“Our agenda for the 2015 session reflects the commitment of all 18 Senate Democrats to the priorities that matter to Oregonians,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “As our economy recovers, we are focused on maintaining our investments in critical services while fighting for working families and Oregonians who are still struggling to get by.”

The Senate Democrats’ 2015 Legislative Agenda focuses on five key areas:

- Investing in Education and Workforce Development
- Strengthening Oregon Businesses and Creating Family Wage Jobs
- Standing up for Rural Oregon Communities
- Fighting for Working Families and Struggling Oregonians
- Ensuring Efficient Government to Protect Critical Services

Proposals aim to protect school funding and prioritize early childhood education, make college more affordable, expand career training opportunities, invest in critical transportation infrastructure, protect Oregon’s clean air and water, ensure Oregonians can access mental health services, strengthen contracting laws, and scrutinize tax credits to ensure they are reaching their intended purpose to create jobs and stimulate the economy.

The article states they are hearing "Concerns from all corners of the state." On LCFS? I don't think so. Sure would be interesting to ask the first 25 people you meet on the street, outside the Salem beltway, what they know about SB 324. My guess is that if you found one that new anything about it you'd be doing well, indeed. How does LCFS address the 5 bullet points above? The costs will affect families, particularly low income families, proportionately the most. 29,000 jobs? Strengthening Oregon Businesses? Certainly not small business or any business depending on fuel and transportation costs. Rural communities, where commutes can be quite some distance as they are in Central Oregon and costs of freight, will be even further disadvantaged and affected by economic and unemployment considerations. This is not how you fight for Working Families and Struggling Oregonians.

Someone or some industries must be benefited by this. I would suggest you look at who or what entity is for and who or what entity is against. Providers of the special bio-fuels are for it, to no one's surprise. My educated guess is that crony capitalists and lobbyists are the real beneficiaries, not the people with "Concerns from all corners of the state", the citizens, the taxpayers and the voters. Ask a small businessman, rancher, farmer, logger, manufacturer, labor, contractors, transporter ... the people that provide jobs ... and they will be opposed. The 2014 political campaign was heavy on fighting for small business, low and middle income people. We are about to see how campaigns and promises measure up to representing your constituents or a small inner circle of special interests operating within the Salem beltway.

I urge you to vote for the people and the future of Oregon. Vote to oppose SB 324 and let the LCFS sunset.

Respectfully and thoughtfully,

Jack Holt,  
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