



TESTIMONY

House Committee on Energy & Environment

Thursday, February 26, 2015

Submitted by Barry Bushue, President

Chair Vega Pederson and members of the committee:

My wife and I are farmers near Sandy, Oregon. As President of the Oregon Farm Bureau Federation and on behalf of our thousands of farm and ranch families, I submit this testimony to oppose Senate Bill 324.

Senate Bill 324 would remove the December 2015 sunset from the Low Carbon Fuel Standard (LCFS). The LCFS requires fuel suppliers to purchase low carbon fuels or to buy carbon credits to reduce the “carbon intensity” of fuels. However, the low carbon biofuels mandated by this program are not commercially available, and fuel suppliers would be required to purchase credits in a cap-and-trade system for fuels—driving up the cost of agricultural production.

LCFS exemptions do not work

The agricultural exemption written into the original bill is meaningless. Fuel will be regulated at the distributor level, and farm fuel is not segregated out. Oregon’s farmers and ranchers buy fuel on the open market—the same fuel as truckers—and will be subject to increased transportation costs as a result. The exemption simply does not work for farmers.

LCFS illustrates the urban-rural divide

The LCFS is an example of the disconnect between urban and rural Oregon. Oregon’s farmers and ranchers operate on a tight margin and are highly sensitive to changes in the price of fuel. It takes significant energy investments to produce food and fiber, and those costs often cannot be passed along to the consumer. Depending on the study, Senate Bill 324 is estimated to raise the cost of fuel in Oregon anywhere between 4 cents and \$1.06 per gallon. Any increase in fuel prices will result in increased transportation and production costs for farmers and ranchers. Urban Oregonians may be able to pass the costs to consumers but small businesses in rural Oregon cannot.



1320 Capitol St. NE Salem, OR 97301 | Phone: 503.399.1701 | Fax: 503.399.8082

www.oregonfb.org

LCFS is redundant policy

U.S. EPA and Oregon have already adopted a renewable fuels standard, requiring the blending of ethanol into the fuel supply. Farm Bureau was engaged in the development of both of these standards. Oregon leads the nation with this policy and has one the lowest per-capita emissions rates in the country (less than 1% of all U.S. emissions). Senate Bill 324 will provide few environmental benefits to Oregonians but will significantly impact Oregon's farmers and ranchers.

I urge you to oppose SB 324. It will put Oregon's farmers at a competitive disadvantage that they can't afford.

Sincerely,



Barry Bushue
President, Oregon Farm Bureau Federation

