




## Oregon Family Farm Association

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Oregon Family Farm Association members are committed to natural resources stewardship. Our member farm families have been farming and ranching in Oregon for generations, which is the true definition of sustainable; we are part of the solution. Oregon's share of U.S. greenhouse gas emissions is less than one percent and on a clear downward trend. HB 2020 will not make a measurable change in global greenhouse gas emissions and will only reduce the competitiveness of Oregon's family farms and ranches.

HB 2020 will levy cost increases on Oregon's farm and ranch families through the purchase of fuel and natural gas. Oregon farmers and ranchers ship their products worldwide and therefore compete with others, not in Oregon, but around the globe. Adding costs to our members, who have little or no ability to recoup those costs, will just cause hardship to Oregon farmers and potentially drive production to other areas of the world which do not have the same environmental standard Oregon has, without this bill.

During the 2018 interim, work done by the Governor's Carbon Policy Office recommended an exemption for off-road agricultural fuels from any imposed cap. A key element to that recommendation was to mitigate cap-and-trade-related cost increases borne by farmers and ranchers, especially those family farmers who produce our state and nation's food and fiber.

We are disappointed to see that HB 2020 includes agricultural fuels (dyed diesel) under the carbon cap. This will increase fuel costs for farm and ranch families by thousands of dollars each year, beginning in the first year of the program.

Oregon Family Farm Association would also like to point out that dyed diesel is only part of the equation for farmers and ranchers. ORS 805.300 to 805.410 provides farmers and ranchers with farm vehicle registration. The use of dyed diesel is not allowed in these vehicles as they can be used on public highways. In order to truly exempt farms and ranches from a cap-and-trade system, the on-road fuel used in farm vehicles must also be exempt from the cap in any version of the bill going forward.

The price increases this bill will have on natural gas is also a concern of our members. Many hazelnut driers, hop driers, and mint stills rely on natural gas or propane to process raw agricultural products. It is estimated that small commercial natural gas rates will increase 13% in 2021, reaching a 44% increase midway through the program. These costs must be curbed if Oregon wants a thriving agricultural sector. We urge the Committee to adopt measures to alleviate natural gas price increases under HB 2020.

Acknowledging that agriculture plays a key role in carbon sequestration, any carbon regulating program should create accessible incentives and offsets that leverage existing programs that farmers and ranchers are familiar with. Interim work groups worked with state and federal agencies to identify such incentive programs and develop voluntary incentives that help Oregon agriculture remain competitive globally while sequestering carbon. These must be accessible and affordable for farmers and ranchers across the state, regardless of geography, crop type, or production method.

This bill as drafted makes brief mention of the potential for investments on Oregon's working landscapes but includes no details to give producers certainty that these programs will be available to farm and ranch families. We ask that the Committee adopt recommendations made by the work group last year and ensure that voluntary incentives are accessible to producers across the state.

We also urge the Committee to revisit stringent and inaccessible offset requirements that are ill-suited to Oregon's diverse agricultural production. The California model for offsets will limit producer participation in the program and restrain the ability of offsets as a mechanism to reduce emissions. Instead a development of flexible protocols that expand and expedite the use of offsets and ensure that once an offset project is approved, it can continue to generate offsets throughout the intended life of the project.

Finally, the bill appropriates money to a Governor-appointed task force which lacks the oversight of Senate confirmation and whose primary focus has been farmworker safety and limiting the use of pesticides on Oregon's farms. HB 2020 should not be the vehicle that permanently funds this task force without a deeper look at the make-up of the task force and its objectives, which historically have not been climate-related.

Oregon Family Farm Association opposes HB 2020 as drafted and requests the Committee work on amendments to address these and other serious concerns that have been pointed out by us and others who have testified on this bill.