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Testimony on HB 2061 Changes to Fee Structure for Confined Animal Feeding Operation (CAFO) Permits

Chairs Clem, Members of the Committee,

Friends of Family Farmers represents small and mid-sized family farmers across Oregon. We work to build strong local and regional food systems and to ensure that family-scale agriculture remains viable in our state today and into the future.

We are writing to comment on HB 2061, which would change the fee structure associated with permits for Oregon's Confined Animal Feeding Operation (CAFO) program. We are supportive of the underlying concept of authorizing the Oregon Department of Agriculture to establish fees based on size of operation, and specifically to establish tiers within the current size categories of small, medium, and large. This tiered approach reflects the reality that the largest CAFOs inherently require more significant administrative costs for inspection and oversight to ensure that laws to protect water quality are followed. Further, these fee changes are being proposed because the existing fee structure in the CAFO program falls short of covering ODA's costs to manage the program, and fees do not currently cover the cost of even a single ODA inspector.

While we are supportive of the underlying bill concept, we are concerned about the impact of potential fee increases to small and medium sized operators. We have no reason to believe that ODA will immediately increase fees to the new statutory caps, but raising the fees for many of these operations could cause hardship unless they are phased in very slowly over time with an eye towards other realities, such as historically low prices for some commodities (like milk) and the price of fuel or other inputs.

For large CAFOs, we are concerned that the proposed fees for the largest sizes, or tiers, of CAFO are not going to be significant enough to cover the larger administrative burden that some of these operations will bring, especially given the inherently greater risk when confining exceedingly large numbers of animals in environmentally sensitive areas. For example, the administrative costs associated with the failed 30,000-cow Lost Valley mega-dairy – which was approved in 2017 only to have its permit revoked due to hundreds of permit violations the following year - have far exceeded the fees the operator paid to the state. It is unclear how much Lost Valley has cost ODA to date as it has still not been formally closed down, but weekly inspections and legal costs for this single operation have likely exceeded \$220,000, the current biennial fee revenue for the entire CAFO program.

Thank you for your consideration,
Ivan Maluski, Policy Director