Date: Feb 18, 2019

To: Honorable Members of the Joint Committee on Carbon Reduction

From: Michael S. McCarthy PhD, Regional Director of the Oregon Farm Bureau for Sherman, Wasco and Hood River Counties, and Hood River County Farmer, Pears, Apples, Cherries, Hay, Cattle and Timber.

Re: Oregon Cap and Trade Legislation

I am privileged to be here today representing Wasco, Sherman and Hood River Counties as a Regional Director of the Oregon Farm Bureau.

We appreciate all of the hard work that the Committee is doing to try to tackle this issue but in agriculture we are deeply concerned about increasing our fuel costs.

There are three areas I would like to briefly discuss with you about how this legislation as proposed will affect farmers, ranchers and woodland owners in my region.

1. Health of Oregon Family Farms: the cost price squeeze
2. Equity and Choice in our sector
3. Carbon Sequestration on farms, ranches and forests.

1. Farm net incomes according to the USDA have decreased 52% since 2013. 2018 will be the worst year in the last 12 years. Farm input costs have continued to increase since 2013 while commodity prices have declined. Labor costs for Oregon family farms have increased significantly, more than other states and countries that we compete with. For labor intensive agriculture in Oregon, labor rates have gone up 20%-50% in two years. And the most important point for Oregon Ag products is that there is no connection between what our costs are and what Walmart is willing to pay. We can not just tack on new costs. No one cares what are costs are.

2. This is really an equity issue. Higher fuel prices will have the greatest effect on those that have the least ability to pay and those that have no choices or options. Many in my counties travel 60-80 miles to go to the grocery store or doctor. Our producers have to haul their wheat, cattle, hay, logs, and fruit long distances to get it to the consumer, mill or terminal. There are no options. There are no electric heavy trucks, tractors or other modes of transport that are not already used. Why attack these people when agricultural GHG emissions are only a small part of the total picture. This is the wrong target.

   See attached graph. In the UK where they are way ahead of the US in reducing GHG emissions and also on studies of the issue, they found in a study from the "consumer perspective" that the greatest contributor to GHG emissions was "Recreation and Leisure" accounting for 27% of emissions. Food, catering, food preparation, meals eaten out and ag production account for 24%. The overall agricultural percentage is about half of the food total, in the range of 8-12% which agrees with other studies from other countries.

In Oregon the amount of GHG emissions from Recreation and Leisure is likely higher than the UK as we have less Transit and lower fuel mileage vehicles and certainly every bit as much recreation travel.
Non-essential activities, discretionary GHG emitting activities should be targeted first.
Activities should be targeted first by those most able to pay. The current bull is backwards.

3. Are farms, ranches, private forests already doing more than their share regarding GHG Emissions? Many farms, ranches and private forests are already carbon neutral or sequester carbon so why not recognize that? Why increase their fuel costs?
The private resource lands in Oregon owned and managed by family farms and forest owners is the only sector that can store more C than they emit.
Woody crops like orchards, vineyards, forests can store more C than CO2 produced through carbon compounds in wood and roots. Repeated mulching of prunings, leaves and cover crop are increasing soil carbon or soil organic matter. Alterations in other practices are decreasing fossil fuel use, CO2, NO2 and CH4 production in orchards and vineyards.
In other crops, practices have been changed like no till farming to reduce fuel use and increase soil carbon. Cover crops are now planted in the off season to add increase carbon storage, organic matter and reduce commercial fertilizer use. Some soils with 1% OM can gradually be increased to 10%.
All farms, ranches and forests in Oregon have unproductive lands that have been planted to trees. Every farm has additional lands along creeks, gullies, borders, wetlands etc that can planted to increase carbon storage.

On behalf of Oregon Farm Bureau Members I urge you to create a more equitable system that does not jeopardize the livelihoods of farmers and ranchers throughout the state.

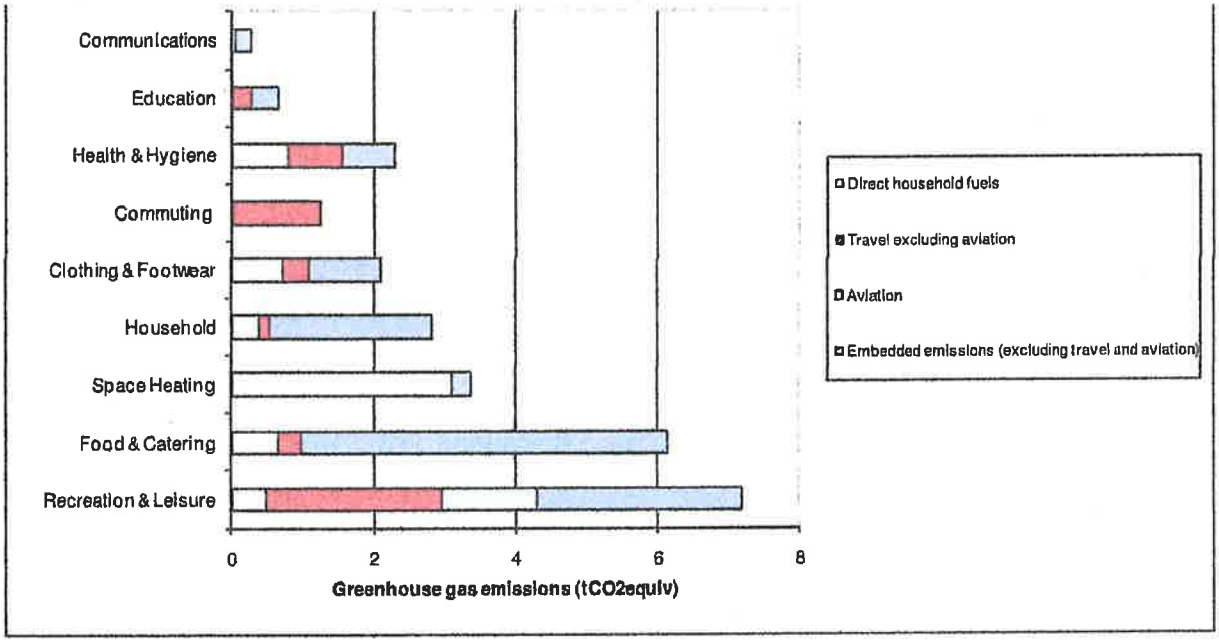

Figure 2: UK household greenhouse gases attributed to high level functional uses (2004).

Figure 2 illustrates the differences in composition between the high level functional use categories with specific focus on travel emissions. In this particular graph the carbon footprint of an average UK household categorised by high level functional uses is decomposed into sub-categories: 'direct household fuel', 'travel excluding aviation',

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[12] Please note that discrepancies in results presented in the following sections are due to rounding errors.

[13] As mentioned previously, we include electricity use., in the category of direct fuel use by households. See Section 2.1.

[14] This is in line with other studies of developed countries which generally find that embedded impacts outweigh direct impacts (Bin and Dowlatabadi 2005; Munksgaard et al. 2005; Vringer and Blok 1995; Weber and Perrels 2000; Wiedmann and Minx 2007).