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March 1, 2019

Oregon House of Representatives
Salem, Oregon

Thank you for the opportunity to comment on this important piece of legislation that will affect all of us. As a resident of Malheur County, Oregon and an agricultural economist, I am against HB2020 and its stated goal of impacting climate change. This proposed Cap and Trade legislation will increase fuel and energy prices and place undue economic burden upon businesses and private citizens in eastern Oregon. The Oregon legislature, under the guise of the lofty goal to reduce climate change, is attempting to pass legislation that will only negatively impact Oregon businesses.

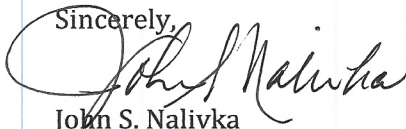
The economy of Malheur County is largely based on agriculture and food production. Energy plays a critical role in sustaining that economy. Agriculture and all businesses are constantly challenged to keep their costs competitive in order to be sustainable. Energy represents a relatively large share of those costs. Farmers in Malheur County have increasingly incorporated technology-driven improvements in order to increase efficiency and manage costs. This is seen in farming practices as well as new irrigation systems that reduce water use and machinery with the newest technologies. Since farmers are price-takers, it is critical to constantly manage costs.

Laws and regulations such as HB2020 that raise costs only add to the very real challenge of managing the businesses P & L and balance sheet through decisions concerning production and labor. Eventually, if all options become exhausted, small family-owned farms sell to larger farms or investor-owned outside businesses. In essence, legislation and regulation drive consolidation.

Americans enjoy the benefits of agricultural production and food distribution efficiency through relatively low food prices. We spend only 8 - 10% of our disposable income on food. Eventually, increased costs of production and processing will drive up the prices consumers pay for food in the grocery store.

When the final vote for HB2020 comes before the legislators in Salem, they must seriously ask themselves - is this misleading goal of reducing greenhouse gases worth the cost to Eastern Oregon businesses and families. Our cost is REAL - higher energy prices, higher farm production costs, higher transportation costs, lost jobs, and the loss of Malheur County businesses to Idaho?

Sincerely,



John S. Nalivka