



270 Hansard Avenue, Lebanon, OR 97355

March 7, 2019

Members of the Joint Committee on Carbon Reduction:

Pennington Seed is one of the largest grass seed companies in the United States, with production areas in multiple states and countries. We are key suppliers of cool-season grass seed products to Home Depot, Lowe's, Walmart, Costco, and many smaller, independent retailers. We also export our products to 55+ countries on six continents.

The vast majority of our cool-season grass seed is currently produced in Oregon – approximately 55,000,000 pounds per year on 27,000 acres, with 120 different farms. We are regularly approached by growers in other regions to expand our production portfolio in those areas. While we recognize the superiority of grass seed produced in Oregon and are committed to continued production in the state, our responsibility to our shareholders requires us to constantly monitor and reduce our input costs. The increased costs associated with HB2020 will serve to make out-of-state production areas more attractive, and would likely require us to move more production out of Oregon and into lower-cost regions.

We appreciate Oregon's goal to reduce its carbon footprint, but we also recognize that agriculture is a natural sequester of carbon. In fact, every acre of grass seed in production removes enough carbon dioxide from the air to produce oxygen for seventy people. Despite grass seed production's contribution to carbon reduction, HB 2020 will penalize our company through rising costs of fuel and natural gas. As price takers operating on thin margins, we will be unable to recoup those increased costs. This will cause us to explore production in other grass seed producing states and countries, and affect our ability to be competitive in a global market.

As you move forward in crafting this legislation, we ask you to consider our industry and the vital part it plays in Oregon's economy. Please make the necessary amendments to provide economic protections for our industry. As drafted, we remain in opposition to HB 2020.

Sincerely,

A handwritten signature in cursive script that reads "Mike Baker".

Mike Baker  
VP Strategic Procurement  
Pennington Seed, Inc.  
Lebanon, OR