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House Committee on Energy & Environment

OFB OPPOSES HB 2814

Chair Marsh and Members of the Committee,

The Oregon Farm Bureau (OFB) strongly opposes HB 2814 and the -1 amendment, both which would authorize the Department of Environmental Quality to create an indirect source program that has the potential to impose significant new and unnecessary regulatory burdens on the agricultural sector. By way of background, the OFB is the state's largest agricultural trade association, representing nearly 7,000 farm and ranch families from across the state.

HB 2814 and its -1 amendment provide an open-ended directive to the Environmental Quality Commission (EQC) to create a new program to regulate indirect sources, including the regulation of emissions associated with construction and operation of an indirect source as well as regulating the aggregate emissions from on-road and nonroad vehicles and engines. The -1 amendment also authorizes the EQC to establish an "emissions mitigation payment" that indirect sources would be required to pay to allegedly offset their emissions. Once again, this directive is open-ended, with no cap on the amount that those payments could cost.

This proposed program is a solution in search of a problem: Oregon has long regulated indirect sources and DEQ has evaluated more than 400 indirect sources under its indirect sources program. No indirect source has ever been found to cause a violation of air quality standards, which begs the question of why we need a duplicative program. Many other DEQ programs are targeting mobile sources of air pollutants such as the HB 2007 Retrofit Compliance Rulemaking, Low Emission Vehicle program including Oregon's Zero Emission Vehicle mandate, the Employee Commute Option and the Vehicle Inspection Program.

This new program has the potential to impose significant new costs on our industry at a time that they cannot afford it. 2020 was an extraordinarily difficult year for Oregon's farmers and ranchers. The global COVID-19 pandemic hit Oregon's agricultural sector particularly hard, leaving farmers and ranchers facing domestic markets that dried up overnight, crashing export markets, and challenges to adapt on operation to COVID-19 related challenges, including protecting their workforce, significant changes in regulatory requirements, and drastic shifts in the political landscape. These changes resulted in falling prices for many agricultural commodities and increased costs of doing business for Oregon producers. Our members are price-takers, meaning

they cannot increase the price they charge for their products in the face of increasing business costs.

This new program is far more broad – with much greater impacts to the agricultural sector – than the program that was already considered and unanimously rejected by the EQC in January 2020 as unnecessary. And the impacts of this program would be particularly hard on Oregon’s new and beginning farmers and ranchers, many of whom are trying to vertically integrate and farm in Oregon’s more urban areas, where they would be most likely to be targeted by this program. A new program is likely to include analysis, review and permitting requirements. The cost of air quality analysis and permit preparation alone will be prohibitive for small farmers, and substantial delays would also be caused by review requirements. DEQ has previously acknowledged they would need additional staff and funding for the program, meaning additional fees would either be imposed on businesses or requested from the General Fund.

It is our understanding that this program is intending to target diesel particulate statewide, while diesel particulate is not a concern throughout most areas of the state. Further, our industries act as a net carbon sink, so we are already doing our part to improve air quality and protect the environment. Given that DEQ already has an indirect source program, diesel particulate is not a concern in most of the state, and Oregon’s agricultural sector is already struggling under the cumulative regulatory burden of recent legislative sessions, this program is a very expensive solution in search of a problem - it would do little to address public health concerns, but would do much to put Oregon’s small businesses out of business.

America’s farmers and ranchers play a leading role in promoting soil health, conserving water, enhancing wildlife, efficiently using nutrients, and caring for their animals. For decades they have embraced innovation thanks to investments in agricultural research and adopted climate-smart practices to improve productivity, enhance sustainability, and provide clean and renewable energy. Over two generations, we’ve been able to increase productivity by 287 percent, while using the same resources. Please don’t create unnecessary new programs that would only harm Oregon’s new and beginning farmers, reduce innovation, and impose costs at a time our producers can ill afford it.

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