



March 3, 2021

House Committee On Energy and Environment

RE: HB 2674 -1 New Diesel Taxes

Chair Marsh and Members of the Committee,

The Oregon Dairy Farmers Association represents the nearly 200 multi-generational dairy farm families working every day to bring fluid milk to market that consumers enjoy in their morning coffee, or in processed forms as cheese, yogurt and ice cream. Our dairy farms range in size and structure across the state.

Our producers, both conventional and organic, have had a very challenging few years. Dairy farmers do not establish the price of their milk, they take what the processors pay and attempt to cover their expenses with their milk check. The COVID pandemic created very erratic milk prices last year. Farmers also had challenges with the wildfires in September and the recent ice storm. Feed costs have skyrocketed recently. Feed costs are the leading expense on a dairy farm and often more than 50% of the milk check goes to pay the feed bill.

We strongly oppose the proposed new taxes in the -1 amendment, specifically the tax on tires and red dyed diesel. The reason off-road fuel isn't taxed, is because farm equipment isn't used on public roads. This tax would disproportionately affect our smaller producers that are unable to grow their own feed.

Oregon is known for high quality milk; healthy, happy cows produce high quality milk. It takes a lot of feed to keep our cows healthy and happy. That means a lot of trucks delivering hay, grain, vitamins and minerals to our farms, along with many additional supplies and services.

With these proposed new taxes, the cost of production will increase. More taxes will put more farms out of business. Margins are already very small. The cost of equipment, labor and supplies have increased substantially over the last 10 years, but the price farmers receive has stayed the same or decreased.

We strongly oppose the -1 amendment to HB 2674 and request your No vote.

Respectfully,

Tami Kerr, Executive Director
Oregon Dairy Farmers Association