Submitter: John Talbott

On Behalf Of:

Committee: Senate Committee On Natural Resources

Measure: SB530

Mr. Chairman and members of the Committee:

The bill as proposed does not describe in sufficient detail what financial incentives may or may not be made available. Private carbon markets have already made substantial inroads in Oregon by virtue of the ability to purchase rights to carbon credits from individual landowners that are then sold on a private exchange to other entities as offsets to carbon emissions or to market more sustainable products. Soil carbon remains as one of the easiest indicators of soil health and under the right practices can sequester carbon for the long term. Unfortunately, the legislation specifically mentions drought resiliency and water quality priorities that can be difficult to measure and may not support carbon sequestration.

Currently, there are several entities actively pursuing the purchase of carbon credits from landowners across Oregon. These companies pay on average $16.50/T of carbon sequestered and contracts for individual landowners often exceed $500,000. If the state wants to play in this space, Oregon should be prepared to establish a carbon bank for aggregation and marketing of the carbon credits. Purchasers of carbon credits want assurances that these credits remain in place. For example, an organic dairy at the time of purchase of the credits could become a feedlot in subsequent years and the credits would be invalid. The more credits assembled from multiple sources increases monitoring costs and transaction costs as well as risk. Since the legislation prioritizes small and medium sized producers (not well defined), it may be difficult to have a large impact. As an example, I am working with the BLM and USFS to allow grazing permittees to claim the carbon credits from sustainable grazing practices on public lands. Our current portfolio covers nearly 2.5 million acres. If the goal is to address soil health on a scale that can impact climate change, excluding producers with large federal leases or large blocks of land that produce cereal grains, grass seed, and livestock will disincentivize their participation.

Finally, the legislation should direct a statewide inventory of soil carbon across soil type and cropping and grazing systems. As such, the state can determine the total “carbon deficit” that can be met with a comprehensive soil health initiative. This also provides a baseline for measuring success toward improving soil health (soil carbon) by establishing threshold values for existing practices. As with any incentive program, early adopters get left behind because incentives are provided to those that can demonstrate improvement. If an early adopter has already achieved soil carbon equilibrium based on his/her practices, there is no cash reward. On the other hand, if you reward those who have exceeded the baseline as compared to others producing

crops on the same soil type, and are eliminating the deficit, you create a system that acknowledges past practices as well as future practices.

Thanks for the opportunity to comment.

John Talbott