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Testimony by Roger Beyer on behalf of Oregon Dairy Farmers Association (ODFA)

Good afternoon Chair Vega Pederson and members of the committee,

I am here in opposition to SB 324.

ODFA opposes the Low Carbon Fuel Standard (LCFS) both in the form adopted by the EQC and the current bill that would eliminate the sunset provision on those rules for multiple reasons; I will just highlight a few:

- First the LCFS will increase the cost of fuel. The DEQ estimates the cost will increase between 6 and 19 cents per gallon, others studies have the estimate much higher, some in excess of \$1.00 per gallon. Dairy farmers mainly live in rural parts of the state and therefore have no alternative forms of transportation. Every part of the process of producing milk relies on transporting goods to and from our farms.
- Secondly, the only feasible alternative to fossil fuels currently is ethanol produced from Midwest corn. We have seen firsthand the effect on prices when feed is mandated by the government to be used for fuel instead of feed. The dairy industry depends on the same raw materials that would be used in the production of fuel. During the past few years we have experienced many dairies filing for bankruptcy or going out of production due to extremely low milk prices at the same time the cost of feed was at record highs due in part to the production of ethanol for fuel.
- Without reasonable transportation and feed alternatives, our producers would be at the mercy of higher costs with no way to recoup the difference. Dairy farmers have no ability to set the prices for the food they produce. It is also interesting to note that the prices received by the farmer have little or no impact on the price paid by consumers for our products. When feed and fuel prices go up, our only alternative is to reduce costs elsewhere or go broke. Milk prices are currently on the decline, and artificially raising the prices for two of our main inputs will cause a great deal of harm to Oregon's Dairy sector.

Thank you very much for the opportunity to testify and please do not move SB 324 forward.