

Oregon

February 24, 2015

To: House Energy and Environment Committee

From: Jan Meekcoms, State Director, NFIB/OR

Re: SB 324 - Low Carbon Fuel Standards

Dear Chair Vega Pederson and Committee Members,

Representing 7,000 small business members with enterprises of all sizes and all types throughout Oregon, I wish to communicate the deep concern of our members regarding Oregon's proposed Low Carbon Fuel Standards and the permanent implementation of these standards.

Whether a member in Eastern Oregon who transports thousands of cattle annually or a plumbing company in Portland with a fleet of trucks or a contractor who has projects throughout the state or a retail outlet or a restaurant that depends on customers arriving by car or working families going about the business of life, fuel costs have a significant impact on the daily lives and businesses in Oregon.

While our members endorse and support a healthy environment and quality air in Oregon, we recognize that much has been accomplished in the direction of air quality and reduction in fossil fuel utilization. Such an example is the Federal Corporate Average Fuel Economy (CAFE) standards that have increased to 55 mpg by 2025. Also vehicle miles traveled in the Portland metro area are 15% lower than the national average and are continuing on a downward trend. Oregon has already accomplished one of the smallest carbon footprints in the country.

Currently gas prices are unusually low at the pumps. This cannot be assumed to be a permanent situation. This is providing a short-term boost to businesses and working families who are still weary from the great recession and should not be capitalized upon to implement a hidden-gas tax within the haze of clean air policy. The proposed LCFS are very likely to increase fuel costs significantly while not accomplishing any improvement in Oregon's highway and road systems. Studies have shown increases from a low of \$.06 per gallon to as much as a \$1.18 per gallon. This creates uncertainty for business owners with the potential to increase the cost of doing business for small business owners. The resulting effect would slow business expansion, capital improvements and reduce jobs.

This does not take into account the effect of LCFS on vehicle mileage which some studies have shown can reduce mpg by 10%. Additionally there are the long-term costs from the negative effects of the LCFS on engine performance and longevity in engines not equipped to handle the sought after standards.

We ask that the proposed Low Carbon Fuel Standards be allowed to sunset while other programs continue to improve air quality and reduce the use of fossil fuels without creating a hardship upon Oregon's small business community and working families.

NFIB OPPOSES SB 324