



THREEMILE CANYON FARMS, LLC

HB 2449A TESTIMONY

HOUSE COMMITTEE ON REVENUE
REP. PHIL BARNHART, CHAIR

April 28, 2015

Presented By
Marty Myers, General Manager
Threemile Canyon Farms

Chair Barnhart and members of the Committee, my name is Marty Myers and I am the General Manager of Threemile Canyon Farms. I am here today to encourage the House Committee on Revenue to approve HB 2449A with some modest changes.

Seven years ago I participated in the Oregon Dairy Air Quality Task Force and one of the recommended Best Management Practices for the industry was the development of anaerobic digesters on dairy operations. This bill encourages this type of investment in the management and sustainable growth of Oregon dairy operations.

This bill supports important public policy objectives regarding environmental and economic benefits to rural communities. The BTC helps convert a farm waste product into a sustainable renewable energy source. The environmental benefits include reduction of greenhouse gases, improving clean air, reduction of odors and protecting clean water (*please see attached fact sheet*). The economic benefits include supporting the dairy industry and Oregon Brands, such as Tillamook, and providing a solid platform for rural jobs and economic development. The artisan cheese businesses in Oregon are developing much like the wine industry began developing 30 years ago. These are small businesses in rural Oregon that depend on a reliable and growing milk supply. This bill will encourage clean energy and a clean industry with new jobs to develop alongside this burgeoning industry.

This BTC as applied to manure digesters is a classic case of a smart use of Oregon's tax expenditure policies to create multiple returns on the investment. This bill preserves a stable investment framework for a program that is working. Since inception of this program, anaerobic digesters have been developed to capture the manure from approximately 35% of the dairy cows in Oregon. The improved bill would keep a stable and predictable funding structure that ramps down over the period of the program extension: \$5 per wet ton through 2017 and then \$3.50 per wet ton for the extension period through 2021. The business case for this tax credit and the important return on



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investment to Oregon will be the focus of my verbal testimony to the committee. It has been estimated that digesters can return over \$700 per cow of economic benefits to the state per year. The cost per year to the state under this program will be approximately \$70 per cow per year, resulting in a 10 multiple on investment. This program will encourage investment on existing and new dairies if the extension of the program is approved in this session. Keep in mind, it usually takes 18-24 months to construct and ramp up operations on a digester. If the bill is approved today, new operations would not come up to speed and earn Biomass Tax Credits until the extension period.

The bill also creates a pilot project with side-boards for ODOE selection and administration. We support the program that is designed to focus on woody biomass and specialty food waste feed stocks, and the amendments to this bill appropriately includes criteria that would make manure digesters eligible for the program. Taken as a whole, this Biomass Tax Credit is a significant way for Oregon to create clean energy, forest health, jobs and sustainable economic growth opportunities in rural communities.

The Biomass Tax Credit has been a demonstrated program that works to achieve important public policy goals, and is an important tool in the financing tool kit that make manure digester projects viable. A specific predictable tax credit for manure digesters recognizes the need for foresight and a clear set of signals to implement a complicated capital expenditure business plan. Once financed and operational, the manure digester can become an important component of a healthy dairy industry and enhance the economic strength of rural communities. We strongly support the program's overall goals and new pilot initiatives...so we are happy to work with ODOE, OFIC and other members of the forest industry to refine this program to ensure its targeted benefits for the woody biomass industry. However, as business leaders with a special focus on the health and future growth of Oregon's dairy industry, we respectfully urge that as you enact an extended, predictable BTC, you not sacrifice adequate support for a manure digester credit that has proven to be an effective tool in achieving the energy, environment and economic benefits so desirable for Oregon.

Thank you.