

THREEMILE CANYON FARMS, LLC

SB 1507-A TESTIMONY

HOUSE COMMITTEE ON REVENUE

REPRESENTATIVE PHIL BARNHART, CHAIR

February 26, 2016

Presented By
Marty Myers, General Manager Threemile Canyon Farms

Chair Barnhart, Vice Chair Bentz 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 SB 1507-A a bi-partisan proposal which comes to you after a 29-0 vote in the Senate.

A few 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. The bill before you today continues to encourage this type of investment in dairy operations.

SB 1507-A supports important public policy objectives regarding environmental and economic benefits to rural communities.

The environmental benefits include reduction of greenhouse gases (similar to removing 38,000 cars from Oregon roads) improving air quality, reduction of odors and protecting clean water.

In addition, methane digesters currently convert methane to a reliable source of renewable energy – the manure from 38,000 cows creates enough energy to power 7,000 homes/year.

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 amended bill will encourage a clean industry with new jobs to develop alongside this burgeoning industry.

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SB 1507-A 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, at eight locations in Coastal, Valley and Eastern Oregon communities.

In hearings before the Senate Committee on Finance and Revenue, there was testimony in support of this measure from a wide variety of citizens and groups representing rural communities, Oregon agriculture, business advocates and environmentalists – all urging the Oregon legislature to strike a balance that would keep the stable and predictable funding structure for the existing digester projects...the resulting measure before you today would ramp down the tax credit immediately from \$5/wet ton to \$3.50/wet ton to achieve significant program savings now. In exchange, the program would be extended beyond its current sunset period and a provision for a “claw-back” for collection of unpaid tax was added.

From a variety of perspectives, the return on investment from the Biomass Tax Credit (BTC) is a good deal for Oregon. Currently the BTC credit provides \$110/cow – studies by the Innovative Dairy Center find that digesters provide \$715 net benefit/cow (figuring in electric energy, plus carbon credits, plus productive use of nutrients as soil bedding and organic soil additives) – thereby creating a 7:1 return on investment.

The Biomass Tax Credit has been a program that works to achieve important public policy goals, and is an important piece of the financing tools that make methane digesters viable projects. The program supports and enhances the economic strength of rural communities and provides a proven effective tool in achieving the environmental and economic benefits so desirable for our state.

I respectfully urge your support of SB 1507-A.

Thank you.

THREEMILE CANYON FARMS, LLC

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