



**Testimony on HB 2775
House Committee On Revenue
April 3, 2017**

Chair Barnhart and Members of the Committee:

Oregon Farm Bureau (OFB) and Oregon Dairy Farmers Association (ODFA) is writing to oppose HB 2775. By way of background, OFB is the state's largest general agriculture organization, representing approximately 7,000 farm and ranch families in the policy and legal arenas. ODFA represents the 228 dairy farm families in the 21 counties across the State who ensure fluid milk is produced and delivered for processing. The milk they produce is enjoyed as pasteurized milk, cheese, yogurt, ice cream and many more products.

We are writing to oppose HB 2775. As proposed, HB 2775 would cap the value of tax credits available to dairies and others who use digesters to create energy from animal manure in an environmentally sustainable manner.

For background, digesters break down animal wastes through an anaerobic process that essentially creates two valuable byproducts for the farmer. First, energy is created for on-farm or off-farm use by capturing methane. Second, the digested fibers can be used by the farmer for animal bedding. The benefits to the public are threefold: (1) digesters have air quality benefits; (2) they make it easier for farmers to manage water quality; and (3) they contribute to our renewable energy portfolio.

This program has been very successful in encouraging dairy farmers to invest in digesters. In fact, since its inception digesters 8 locations across Oregon have been developed which process the waste from 35% of all dairy cows in Oregon. Capping the availability of credits will foreseeably change this upward trend resulting in unrealized environmental and economic benefits to both the farmer and general public, and would harm those producers who invested in this technology believing that the legislature would honor its commitment to these credits.

This sunset would affect an industry segment which has been hit hard in recent years. By removing incentives for using these products to create renewable energy, they're going to find yet another door closed to them.

We encourage you to oppose HB 2775.

Please contact Jenny Dresler (jenny@oregonfb.org) or Tammy Dennee (tammy.dennee@oregondairyfarmers.org) with questions.