



OREGON FUELS ASSOCIATION TESTMONY
HB 4001 AND SB 1507

House Committee on Energy and Environment
Senate Committee on Environment and Natural Resources

Wednesday, February 7, 2018

Dear Chairs Dembrow and Helm, Vice Chairs Olsen and Reschke, and Members of the Committees.

My name is Matthew Truax and I am here representing our family business and other family business in the Oregon Fuels Association.

The Oregon Fuels Association (OFA) represents the majority of Oregon's fuel distributors, retailers, and commercial fueling entities throughout the entire state of Oregon.

I represent the fourth generation of our family business, Truax Corporation, which is located in Corvallis, Oregon. We service communities along the central Oregon coast, Willamette valley, southern and central Oregon. Our employees provide the fast, fair and friendly service our customers have come to expect. These communities benefit from our contributions to local schools, fire departments, food banks and other community nonprofits. I am fortunate to work alongside my parents, John and Maria, and my sister Cassie almost every day. Cassie and I hope to pass our family business down to the next generation in the future.

Like many businesses and business sectors, the fuels sector has changed over time. Today, there is much more consolidation and fewer small business like ours competing in the market place. To be competitive, our business has evolved to keep pace with sophisticated competitors and an increasingly complex regulatory environment.

Current regulatory expenses include Underground Storage Tank Systems permits, Air Contaminant Discharge Permits and the recently passed State Gas tax that will increase 10 cents over the next couple years. Now, many of the Oregon Fuels Association members are making significant capital investments to meet the goals of the Oregon clean fuels program. This program offered members an opportunity to build their businesses around changing market dynamics where policymakers and consumers asked for lower carbon fuels. We are committed to making it work.

It is important to note, however, that the cost of the program is ultimately paid for by our customers. Customers that deliver goods and provide services for all of us. Customers that manage fixed budgets and need to drive their children to school, go to the grocery store and the

doctor. As you know, Oregon is a diverse state comprised of communities from the coast to the high desert. Many of which do not have access to public transportation. They cannot depend on electric or manual modes of transportation due to issues beyond their control including topography, weather and infrastructure limitations. Yet, businesses like ours can keep people moving.

HB 4001 and SB 1507 would offer new challenges to our business. As proposed, these bills would regulate most fuel distributors and marketers, regardless of the size. In California, some fuels suppliers provide line items on their invoices to marketers that include cap-and-trade and Low Carbon Fuel Standard costs per gallon. Together, these are more than 22 cents and have increased more than 10% over the last calendar year. When fees and costs are attached to fuels and the emissions, these are passed along to the end consumer. Whether it is Gasoline or Diesel, many consumers in Oregon do not have a choice or option for their mode of transportation.

As currently written, HB 4001 and SB 1507 do not offer business like mine the opportunity to help reduce Oregon's greenhouse gas emissions. They simply increase the total cost for the product we sell to our customers. These customers include those that utilize home heating oil as well as those in the logging, trucking and farming industries.

The OFA has requested that its members and customers be afforded free allowances like other regulated sectors. In addition, access to the limited allowances should be limited to regulated entities and their appointed agents. Lastly, as structured, we believe HB 4001 and SB 1507 are bills for raising revenue and should be treated as such. All of which have yet to be addressed in either bill.

Thank you for the opportunity to testify. Please continue to use our association as a resource as you embark on a statewide policy that would impact our business and our customers.