



TESTIMONY

House Committee on Health Care

February 9, 2018

Oregon Farm Bureau Concerns Regarding HB 4003

Thank you for the opportunity to provide testimony in response to HB 4003. As a reference, the Oregon Farm Bureau Federation (OFB) is the state's largest general agriculture association, representing 7,000 families actively engaged in farming and ranching across the state.

The 2018 session is not the right time to consider California's diesel engine mandate. Last year, the Oregon Legislature considered similar legislation, SB 1008. The bill that ultimately passed dedicated funding to retrofit school buses, and a subsequent budget note allocated \$500,000 to fund a third-party, aggregated survey of Oregon's off-road fleets. The survey is still under development at the Oregon Department of Environmental Quality and is not yet in the field. Deliberation of HB 4003 should be postponed until the survey is completed, providing legislators and stakeholders with an accurate description of off-road equipment in Oregon.

Diesel equipment is critical for agriculture. Diesel vehicles (farm tractors, combines, irrigation pumps, etc.) are used for planting, watering, applying crop production products, and harvesting. And our industry relies on freight to bring our products to market. These tools help bolster Oregon's rural economy and our food security.

Farm equipment is expensive, highly specialized and often utilized for a limited number of hours in a year. The economics associated with agricultural activity make it difficult to access the capital necessary to retrofit or replace older equipment. HB 4003 would also drive up the cost of freight in Oregon, reducing our ability to compete with growers outside of the state. Farmers, ranchers, and small woodlot owners are the least able to absorb the costs proposed in HB 4003—this has been the case in California.

It is OFB's understanding that the intent is to carve out agricultural equipment from HB 4003:

- Section 8 *exempts* farm tractors, F-plated vehicles, logging trucks, and implements of husbandry from registration and service fee requirements in Section 9 of the bill;
- Section 11 *exempts* F-plated vehicles, farm tractors and implements of husbandry from diesel replacement requirements for medium- and heavy-duty trucks; and

- Section 12 requires that nonroad diesel standards comply with section 209(e) of Clean Air Act (CAA)¹ and *exempt* agriculture and logging.²

Even with the specified exemptions above, some operations will fall under the mandate. It is common in agriculture for farmers to use their trucks for more than just their own farm use, including those who haul for-hire. OFB is concerned that for-hire and custom farming businesses may still be subject to the restrictions in HB 4003. Also, many family farms haul commodities to market and would fall under Section 11 of the bill. These families do not have the financial capability to meet the on-road replacement and retrofit requirements. And those who are members of an irrigation district may suffer the downstream impacts of the mandate. Pre-2007 district equipment is likely subject to the retrofit or replacement requirement, and those costs would be passed to district members.

As a final point, OFB is concerned about the potential impact of sections 5 and 6 on the agricultural industry. Section 5 (1) states: “*For purposes of this section, “indirect source” means a facility, building, structure, installation, real property, road or highway that attracts, or may attract, mobile sources of air contaminants.*” HB 4003 subsequently requires that DEQ establish and “indirect source” review program and measures to prevent additional sources of diesel particulate from being added to an identified “indirect source.” These sections provide few details, and we are concerned that sections 5 and 6 could apply to agricultural or food processing operations. We also do not understand how sections 5 and 6 interact with sections 8, 9, 10, 11, and 12 of the bill. Would Oregon businesses be subject to two layers of regulation: one on diesel equipment and one at a facility or property that relies on diesel vehicles to get goods to market?

OFB appreciates the recognition in HB 4003 that agriculture would be negatively impacted by a diesel replacement mandate. However, the DEQ off-road fleet survey is only in its beginning stages, and we do not yet have information to inform the policy discussion. The 2018 Short Session is not the right time to consider such comprehensive legislation. OFB respectfully asks the Committee to oppose HB 4003.

Thank you for the opportunity to testify. For more information, please contact Jenny Dresler at jenny@oregonfb.org.

¹ CAA allows other states to adopt CA’s nonroad vehicle or engine emission standards under section 209(e)(2)(B). Section 209(e)(2)(B) requires that such standards *be identical* to the CA standards for which an authorization has been granted.

² <https://www.oregonlegislature.gov/dembrow/workgroupitems/10-19%20CA%20Off-Road%20Diesel%20FAQ.pdf>