



February 11, 2019

Joint Committee on Carbon Reduction  
900 Court Street NE  
Salem, OR 97301

**Re: HB 2020 – Cap and Trade Proposal**

Chairs Dembrow and Power; members of the committee:

The Oregon Cattlemen's Association ("OCA") is the voice of Oregon's cattle industry. We represent over 2,000 Oregon ranchers and their families. We aim to improve and strengthen Oregon's beef industry while promoting environmentally sound and socially conscious economic practices. Oregon has over 13,000 cattle producers, using 57% of state agricultural lands and comprising 14% of Oregon's total agricultural sector. Our ranchers are devoted stewards of the private and public lands they manage throughout our state. We are committed to natural resource sustainability and strive to be part of the solution to environmental issues in Oregon. While we understand (and experience) the real threat of climate change, we are also facing the growing challenges of Oregon policies that do little to combat actual environmental problems, but pose real costs and risks for our members.

HB 2020 adds direct and indirect financial burdens on Oregon ranchers. While the overall theme of the bill is to address climate change, it is unfortunate that Oregon farms and ranches (and Oregonians as a whole) should bear a disproportionate share of the cost to combat climate change for negligible effects on this global problem. Without changes to the existing bill, HB 2020 could significantly drive up the input costs of cattle producers. Without more thoughtful exemptions, HB 2020 could drive up costs to deliver fuel, feed, fertilizer, and building supplies to farms and ranches while making it more expensive to process beef and get it to market.

Most of our products are sold into a global market, with no control over pricing. As the cost of transportation fuels increases in Oregon as a result of HB 2020, the pyramiding effect on our operations, getting both supplies to ranches, and product out to market will directly hit our bottom line. It should be noted, that this will be in addition to the increasing costs we are still bearing due to the Low Carbon Fuel Standard and other recent changes to Oregon law that affect small businesses. Oregon is already a national leader in clean energy, and now the potential costs of a carbon offset market far outweigh the diminishing returns for our state.

In fact, HB 2020 has the real potential to shift production to states and countries with less control over environmental regulation, carbon-neutral power supply like hydro, and fewer human rights and labor laws. As caps lower over time and more processors are brought above the cap, the cost to purchase offsets will ripple back through the supply chain, as other global competitors maintain their cost structure. Just as with other trade-exposed industries, ranchers in Oregon will be less competitive than our global counterparts. Unfortunately, our members businesses are not the type of operations that can move across state lines. Our families will simply face risks leaving the ranching business altogether.

Further, the bill is especially harmful to young and beginning ranchers whose businesses must become profitable within the first few years of operation. Increasing input costs only places another hurdle in the way of our young ranchers who want to start their own businesses or keep Oregon lands working, meaning better

maintenance and management to combat erosion, invasive species, soil and water quality, and fire suppression (Oregon's largest contributor to greenhouse gas).

More significantly, the direct impacts on ranchers by not exempting commercial or dyed diesel is not only a concern, but feels to our membership as an issue that was discussed at length during the interim and prior to the introduction of HB 2020. We urge the committee to exempt agricultural fuels from

The California-like offsetting and incentive programs (even if HB 2020 generates enough revenue to offer grants and assistance Oregon ranchers) would require ranchers to devote precious time and resources to a cumbersome application process. This would be a serious burden on ranches that are primarily small-scale family owned and operated businesses. Most ranches lack the sophistication and resources required to navigate and apply for these incentives.

Finally, we are concerned with the oversight structure in HB 2020. Creating an oversight board to independently set allowances and related prices generates significant risk for family owned farms and ranches, and are policy decisions best left to a larger or more representative process. Please re-evaluate the structure and potential politicization of the cap & trade program.

In an already difficult industry, the bill places proportionally unfair burden and risks on rural ranching families and communities. With greater distances to travel on a daily basis, and greater transportation costs across the board, HB 2020 shifts the political desires and popular focus on a climate change bill in Oregon on those living, working, and owning businesses in rural areas of Oregon. While many Oregonians want to be leaders in addressing climate change, we should do so in a thoughtful, fair way that recognizes the contributions and needs of all Oregonians – our members included.

OCA appreciates the opportunity to speak with you on this important topic. Please recognize our members' and our industry's commitment to environmental stewardship and the costs we already bear in carrying out Oregon's conservation policy goals. Please oppose HB 2020, and at a minimum, consider our comments and input.

A handwritten signature in black ink that reads "Jerome Rosa". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Jerome Rosa, Executive Director