



OREGON
ASSOCIATION OF
NURSERIES

**Testimony before the Joint Committee on Carbon Reduction
Relating to House Bill 2020**

By Tom Fessler, owner, Woodburn Nursery & Azaleas
On behalf of the Oregon Association of Nurseries
February 11, 2019

Co-Chair Dembrow, Co-Chair Power and members of the committee, I am Tom Fessler, owner of Woodburn Nursery. We are a family operation right up the road in Woodburn and produce florist azaleas, containerized general nursery stock, annuals, and we farm about 2500 acres of vegetables and grass seed. We employ 200 people year-round and an additional 50 in the summer. We ship our product all over the United States, Canada, and Puerto Rico.

The Economic Footprint of the Nursery and Greenhouse Industry

The nursery and greenhouse industry is the state's largest agricultural sector, and the industry ranks third in the nation, with over \$948 million in sales annually to customers in Oregon, the rest of the United States, and abroad. In fact, nearly 75% of the nursery stock grown in our state leaves our borders – with over half reaching markets east of the Mississippi River. The nursery industry employs over 22,000 full time workers with an annual payroll over \$327 million. We send ecologically friendly green products out of the state and bring traded sector dollars back to Oregon.

Nursery association members represent wholesale plant growers, Christmas tree growers, retailers, and greenhouse operators. Our members are located throughout the state, with our largest nursery growing operations found in Clackamas, Marion, Washington, Yamhill and Multnomah Counties.

I am here representing the nursery industry tonight regarding House Bill 2020. I served as president of the association in 1996, and in 2020 my son Kyle will lead the association. We are committed to solving issues and appreciate you inviting me here tonight. I would also like to thank the Carbon Policy Office for engaging the industry in the development of House Bill 2020.

House Bill 2020 provides opportunities and challenges

There are many opportunities and many concerns in HB 2020 for the nursery industry, but I will focus on the top three - the opportunity for investing highway trust fund dollars in nursery stock, and the major concerns we have about natural gas prices and transportation costs.

1. The opportunity. We appreciate the inclusion of a program to require planting Oregon-grown nursery stock in highway improvement projects in Section 33 ([page 23 of the bill](#)). Nursery stock by its nature is green and sequesters carbon. Plants can also help prevent soil erosion and manage runoff, which will be important as we adapt to climate change. Florida has a similar and successful program and it serves as an environmental offset to road construction, and we are excited to see it replicated here.

2. Natural gas and propane prices are a major concern for our members. As written, we believe this bill will cause natural gas prices to rise quickly and steeply. As a fuel for heating greenhouses, natural gas is the most efficient and cost-effective fuel, and there is not an adequate and inexpensive alternative technology.

In the late 60's when my parents started the nursery they heated with diesel. In the early 70's they converted to natural gas, it provided them with a much cleaner fuel with less maintenance on the equipment. I remember gas bills as high as \$100,000.00 per month in the late 70's. Today the gas bill can run as high as \$100,000.00 per month with over 5 times the square feet of heated space. We were able to accomplish this with many innovations. First in the late 70's we started using double poly on our greenhouses, similar to a double-pane glass window. Second in the 80's IR poly was developed, which basically reflects the heat back to where it comes from, winter back inside, summer back to the atmosphere. The third thing we did was invest in computerized environmental control, and with this technology we can control the temperatures much tighter than in the past with thermostats, which could be as much as five degrees out of calibration. Fourth, we invested in energy efficient heaters and boilers. In the old days, heaters were about 70% efficient; now we are buying 99% efficient heaters. On all of our boilers we use heat reclaimers on the exhaust stack to create a cleaner burn and reduce the flue temperatures thereby getting more heat per BTU of gas. We have done everything available to make better use of our resources and reduce costs long term. We do not see much new technology that we have not utilized.

Besides labor, utilities are our next highest expense. Profitability on our greenhouse crops is minimal due to high input costs, low margins, and declining market of our products. The impacts of natural gas prices increasing 50-80% by 2040 makes me wonder if I should tell the next generation not to plan on coming back into business with the current generation. We cannot continue to absorb these increases, as our customers are unwilling to pay the prices needed to sustain our business. Ontario, Canada, which had a less aggressive timeline for natural gas in their carbon bill, experienced such dramatic price increases in natural gas that the Province's greenhouse industry nearly went bankrupt.

3. Transportation costs are another major concern. Oregon nurseries ship more than 50% of their products east of the Mississippi River, and we are competing with states that have

a shorter shipping distance and lower input costs. We simply will not be able to absorb dramatic cost increases and still compete in the market.

Please consider all economic factors that could impact the nursery industry

I encourage the committee to consider the economic impacts of this bill, and to do more to mitigate them. The nursery industry is successful here because Oregon's climate is second to none, and we should protect that. But we also want to protect the nursery industry. Help us by including incentives, exemptions, technical assistance and other tools so that we are not harmed by cost increases and other costs of adaptation.

The OAN looks forward to further conversations to make this bill better. We are part of your solution and thank you for your time.