



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

Submitted by Michelle Palacios, Secretary/Treasurer, Oregon Hop Growers Association
February 15, 2019

Co-Chairs Dembrow and Power, members of the committee, my name is Michelle Palacios and I serve as the Secretary/Treasurer of the Oregon Hop Growers Association. Thank you for the opportunity to provide comments on the issue of reducing carbon in Oregon.

The Association is headquartered in Hubbard, Marion County, Oregon. I am providing testimony today on behalf of the commercial hop growers in the State of Oregon. Hops are grown in Marion and Polk Counties as well as some small acreage farms in central and southern Oregon with a total acreage of just under 8,000 acres. Hops have been grown in Oregon since the late 1800's. It is an industry rich in history and legacy as most of today's producers are fourth or fifth generation hop growers.

We are providing testimony today as we believe the legislation, as proposed, will have a detrimental impact on Oregon hop farmers.

Oregon Hop Industry's Impact

In 2017 the farm gate value of Oregon grown hops was \$59.6 million earning us the rank of 15th among Oregon's agricultural commodities. Oregon hops are used by both domestic and international brewers with 60% of our crop entering the export market. Oregon hops are shipped to more than 65 countries around the world. We supply hops to Oregon's thriving craft beer industry, supporting the 281 breweries in our state. Oregon ranks third in our nation for hop production. Our drop to the third position is notable because we had held the second largest distinction since the 1930's. Expansion in other growing regions has outpaced Oregon for several reasons, including land prices and labor.

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Conservation Minded

Oregon's hop growing region is very similar to the traditional, Bavarian growing region of Germany and therefore able to produce exceptional aroma type hops that are favored by brewers around the world. Our history demonstrates our commitment to conservation and stewardship. When natural gas became available in our region many decades ago, hop growers identified the opportunity to move ways from petroleum based fuel products to the cleaner more efficient natural gas option. The burners used to generate the heat to dry the hops during harvest are widely powered by natural gas.

In addition growers had overwhelmingly adopted drip irrigation technology to Oregon hop yards. Growers are also adding solar power, upgraded to energy efficient lighting, and most recently are now able to use recyclable bale cloth.

Oregon hop growers participate in voluntary certification programs including Salmon-Safe and several are close to being certified by Global G.A.P. As well, most growers participate in certification programs offered by hop merchants. Our national organization also offers best practices guidelines for hop growers through the 'Good Bines' program. We truly believe that the success of our industry is a direct result of our stewardship of the land we farm.

Concerns for the Future

Our conservation efforts do not protect us from the escalating cost of production and depressed commodity prices. And therefore, HB 2020, as written is very concerning to us. It is our understanding that as the bill currently stands, hop farms using natural gas would realize a 40% increase for the cost of natural gas cost on the first day that the legislation goes into effect in 2021. This is simply an unacceptable increase because as a commodity, we have no way to pass our increased production costs on to our customers.

This is a request for this committee and the Oregon Legislature to consider the cost impact this legislation will have on Oregon farms. Help us keep Oregon a state where family farms can survive. The hop industry is successful in large part because of Oregon's climate and we need to protect it. But we also need to balance protection with survivability. We ask that the bill include incentives, exemptions, and assistance so that hop growers are not damaged by the implementation of this bill.

Thank you for your willingness to hear our stories. We look forward to working with you as the bill moves forward.