



Oregon Dairy Farmers Association
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HB 2061 TESTIMONY

HOUSE COMMITTEE ON AGRICULTURE AND LAND USE

REPRESENTATIVE BRIAN CLEM, CHAIR

March 14, 2019

Entered into the Record by
Tami Kerr, Executive Director
Oregon Dairy Farmers Association

As the Executive Director for the Oregon Dairy Farmers Association, I offer the following testimony for the record on behalf of the 200+ dairy producers of Oregon. As you can see on the map we submitted, there are dairy farms in 21 of our 36 counties and 26 dairy farms in Marion County. These multi-generational conventional and organic Grade A dairy farm families work hard 24-7, 365 days a year and are proud of the care they provide for their animals, they produce a high quality fluid product that ranks among the highest quality milk in the nation, and our producers take pride in their care of the environment.

In 2017, the fluid milk produced on Oregon's dairy farms resulted in an economic contribution of more than \$500 million dollars in "farm gate value" prior to processing. Milk is the fourth most valuable agricultural commodity and the value after processing is significantly higher.

The number of Oregon Dairies is directly related to the ability of each farm to withstand the volatility in the price of milk against the cost of feed, labor, taxes, and the ever-changing regulatory burden from the state and federal levels. Milk prices have been decreasing each year for the last four years. Our producers are receiving 40% less for their milk than they were five years ago. Nearly every producer in the state is losing money with EVERY shipment of milk. Milk prices historically

shift up and down but I have never experienced a continued four year downward shift like we are currently enduring.

The Oregon Dairy Farmers Association (ODFA) was founded in 1892 to work on behalf of Oregon dairy farmers. Today, ODFA represents Oregon's 200+ multi-generational dairy farming families. We strive to create an atmosphere that is conducive for all Oregon dairy producers. These farms are extremely diverse family businesses. Some are very small and others are large, some are organic (nearly 20%) and others conventional but all are family businesses. The decision to be conventional or organic is a business decision and regardless, all Grade A dairy farms are regulated by the CAFO program.

ODFA supports the long-standing CAFO program that is regulated by the Oregon Department of Agriculture for the purpose of ensuring the ongoing quality of water in the state. ODFA appreciates the willingness of the agency to engage in multiple conversations for their proposed fee increase for the 2019-2021 Biennium and are pleased that we could reach an agreement with them on the structure of a fee increase which is the focus of today's hearing and HB 2061.

It has been the agreement between producers and ODA that fees would fund one FTE and the balance of the program would be funded by General Funds to underscore the importance and value of the program to the public for the work being done to comply with the regulations of the CAFO program. The cumulative expense of compliance is shouldered by the producer. The fee is the first step in compliance.

For a historical perspective, the CAFO Program has been in place in Oregon for the past twenty five (25) years. Oregon is the only State to require both a CAFO Permit and an Animal Waste Management Permit (AWMP) for all Grade A producers. By comparison, the state of Washington has more than double the number of cows than we do and fewer than 20 dairy farms in Washington have CAFO permits. We consider the manure produced by our animals to be a nutrient. Every time our producers apply nutrients to their fields, they are required to record the date, rate of application, and method of application. They must test the nutrient, take soil samples and make applications at an agronomic rate for the crop they are growing. Dairy farmers are also required to complete an

annual report. Producers are inspected at least once every ten months by ODA CAFO inspectors and more frequently for larger farms.

Also for the record, there have been statements about the number of dairy farms that have closed in the last 20 years. When we discuss the number of dairy farms in Oregon, we use the number of farms that have Grade A licenses from the Oregon Department of Agriculture. In 1998, there were 326 Grade A dairy farms. In 2018, there were 210 Grade A dairy farms. Oregon lost 116 farms in the last 20 years, that averages 5.8 farms per year. In the early 1990's, there were 500 dairy farms in the state. With the implementation of the CAFO program, the closure of Grade B dairy farms and other factors, many producers decided they either couldn't make the required investment or chose not to and closed.

A diagram we submitted outlines the number of State and Federal Regulations our producers operate under. These regulations come with a cost and for the record let me reiterate, the cost of compliance is expensive and time consuming.

With the return on investment continuing at a twenty year low, our producers are struggling. The Oregon Dairy Farmers Association Board of Directors continues to express the ongoing value to the public and the need for continued general fund dollars to support the CAFO program. ODFA is pleased to have reached an agreement with the Department on fee increases. We anticipate the current proposed fee increase will cover one FTE CAFO inspector for an additional six years. We do not want to be back in front of you in another two years discussing more proposed fee increases.

Although we have not seen the language of the amendment, we look forward to reviewing the amendment of HB 2061 and will continue to work with the Agency on a mutually agreeable bill. Thanks for your time and attention.

CAFO Fees Approved by the ODFA Board of Directors on 2/22/19

Structure:	# Farms	Current Fee	ODFA Proposed Fee	Revenue Generated
Small Less than 200 cows	175	\$100	\$125	\$21,875
Medium 200 - 699 cows	213	\$200	\$250	\$53,250
Large - Tier 1 up to 2,499 cows	88	\$300	\$400	\$35,200
Large - Tier 2 2,500+ and mult. facilities	30	\$300	\$900	\$27,000
Ind. Permit -1 up to 9,999 cows	2	\$2,452	\$3,500	\$7,000
Ind. Permit - 2 over 10,000 cows	3	\$2,452	\$10,000	\$30,000
Individual Permit			\$15,000	\$15,000
New applications/transfers				\$2,250
				\$191,575

All Transfers - \$200

New Applications:

Small - \$100

Medium - \$150

Large - \$300