



TESTIMONY

House Committee on Energy and Environment

March 19, 2019

Oregon Farm Bureau Concerns Regarding HB 2007

Thank you for the opportunity to provide testimony in response to HB 2007. As a reference, the Oregon Farm Bureau Federation (OFB) is the state's most comprehensive general agricultural association, representing over 6,700 farm and ranch families in Oregon who make up a significant part of our rural communities.

Farm equipment—tractors, implements of husbandry, irrigation tools, and truck—are critical to Oregon's farm and ranching economy. These tools are used for cultivating crops, animal husbandry, and moving farm crops and production products to and from the farm. Farm equipment is expensive, highly specialized, and often utilized for a limited number of hours in a year. Farm equipment is often powered by diesel fuel, which provides the horsepower, power transfer, and longevity no current technologies offer.

The economics associated with agricultural activity make it difficult to access the capital necessary to retrofit or replace older equipment. Farm equipment costs can be equivalent to a moderate home mortgage and are not purchased on a regular cycle. Farmers operate on a variable business model where the cost of operating and upgrades cannot be recovered in the market place. Many farm crops do not assume an annual sale price until the crop is delivered. That challenge of the unknown value of the crop limits the risk a farm can take to make costly upgrades in equipment.

OFB appreciates the recognition in HB 2007 that agriculture would be negatively impacted by a diesel replacement mandate. Although medium- and heavy-duty trucks are phased into the clean diesel program by 2029, HB 2007 exempts F-plated vehicles, farm tractors, and implements of husbandry. The exemptions are considerable; however, some operations will still fall under the mandate.

It is common in agriculture for farmers to utilize their trucks for long periods and often are a tool for additional income by contracting to for haul for-hire jobs. The trucks used by family farms to haul commodities to market and would be subject to Section 3 regulations. These families do not have the financial capability to meet 2010 or newer diesel registration requirements. Additionally, farms and rural communities that rely on or are members of an irrigation district may suffer the unintended consequences impacts of the bill. Pre-2010 district equipment subject to the

replacement requirement would increase the cost to district members.

OFB is also concerned about the potential loss of capitalized assets. Due to the pre-2010 registration ban, trucks in agriculture would become a financial liability and economic suppressor. If farmers can't sell or utilize trucks after 2029, they will be strapped with the cost of disposal and economic impacts of asset capitalization.

As a final point, OFB has concerns with the other sections of HB 2007.

- Section 3 as drafted would apply small woodland owners and log trucks they depend on. Similar to farmers and ranchers, small woodland owners utilize log trucks for a limited duration. When California considered their clean diesel package California recognized challenges for both agriculture and forest landowners and that we hope to see relief for Oregon log trucks.
- Section 8 Clean Diesel in Public Contracts, places regulations on public contracts. The vitality of rural communities is also rooted in local business. The requirements for fleets to have 80% diesel engines new then 2010 could impact the small contractors and only allow large projects in rural Oregon to be awarded to large contractors.
- Section 9 Diesel Emissions Task Force has no designated working lands and natural resource representation. The impacts on rural Oregon without representation is concerning.
- The small fleet flexibility option is vague and determinate on rules set by the DEQ. While this has the potential to provide relief to farmers, ranchers, and ranchers without clear specifics on what defines a small fleet and additional certainties, the small fleet flexibility provides little relief currently drafted.

OFB appreciates the recognition in HB 2007 that agriculture has unique attributes. We ask the committee to look at allowing pre-2010 trucks to be eligible for registration beyond 2029 to protect Oregon farmers from economic hardship. We also join other impacted sectors in calling for the scope of the regulations and investments to be limited to areas with airshed concerns. OFB respectfully asks the Committee to oppose HB 2007 as drafted.

Thank you for the opportunity to testify. For more information, please contact Jonathan Sandau at sandau@oregonfb.org.