



Friends of Family Farmers ♦ 249 Liberty St NE, Ste 212 ♦ Salem, OR 97301

503-581-7124 ♦ www.FriendsofFamilyFarmers.org

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**Testimony on SB 1507 and HB 4001 to the Senate Committee on Environment and Natural Resources and the House Committee on Energy and Environment
Ivan Maluski, Policy Director**

Chairs Dembrow and Helm, Members of the Committees:

Friends of Family Farmers represents small and mid-sized family farmers and ranchers across Oregon. At producer listening sessions we have held across the state since 2009, we have heard increasing concern about the impacts of runaway climate change, and a desire for policy makers in Oregon to enact solutions in a way that protects the viability of our small and mid-sized family farms and ranches.

This past fall we attended the meetings of the Clean Energy Jobs Work Group on Agriculture, Forests, Fisheries, Rural Communities, and Tribes, submitting comments on the proposals under discussion. We appreciate the transparent and very public process that your committees used to develop HB 4001 and SB 1507 during the interim.

Friends of Family Farmers is generally supportive of these bills and wants to ensure that small and mid-sized family farms are able to access the programs the legislation sets up.

Farmers and ranchers are not only on the front lines of experiencing climate change impacts like extreme weather and uncertain water supplies, as land managers we can also be part of the solution. These bills acknowledge the important role that farms and ranches can and are playing in addressing climate change.

While we have some concerns about the use of offsets and believe they should be minimized, we support the creation of new grant programs and a Climate Investment Fund that can be used to address the harmful impacts of climate change in rural communities while supporting a wide range of activities and practices that sequester carbon in soils, reduce energy use, encourage irrigation efficiency, and protect both working land and natural areas on farms and ranches.

A few examples of agricultural practices that help sequester carbon in soils include: using cover crops and crop rotations, organic and conventional no-till practices, conservation tillage, perennial pasture establishment, rotational grazing of livestock, and transition to organic production. One suggested amendment we would propose would be to specifically name some of these practices in the bill, as well as adding provisions to support on-farm research to collect data on the impact of these and other practices over time. Such research could be used to adapt how grant programs will function in future years.

If structured properly, grants for farmers to employ or expand use of these types of practices could augment voluntary federal conservation programs already popular with Oregon farmers including the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP), or state

level programs for on-farm conservation administered by the Oregon Watershed Enhancement Board (OWEB) and local Soil and Water Conservation Districts (SWCDs).

One significant critique we have of these bills is that they contain a problematic loophole that allows a handful of Oregon's largest mega-dairies to be exempt from any requirement to reduce, or even report, their annual methane emissions. Just two of these factory scale dairies account for more than half of all dairy cows in the state, and a new one was approved for 30,000 cows just last year. Due to their unprecedented methane output that rivals the greenhouse gas emissions of some of Oregon's larger industrial polluters, mega-dairies above a certain size threshold should be subject to the cap and reporting requirements applicable to all other 'high emitting facilities.' This loophole should be closed. Oregon cannot continue to ignore the climate impacts of the growing number of mega-dairies moving to our state.

We also believe there should be a greater voice given to agriculture on the Program Advisory Committee. Oregon agriculture is diverse, and an additional seat should be added for a member with expertise in organic agriculture, small farms or farm-direct agriculture, all of which are important and growing sectors.

Lastly, because SB 1507 and HB 4001 rely on a Program Advisory Committee and state agencies to develop many of the specifics of the program, including the availability and use of Climate Investment Fund dollars, we are including information below on the benefits of supporting small and mid-sized farms, organic agriculture and local and regional food systems that we hope will be considered during the process.

The Economic Power of Targeting Investments in Small Farms, Organic Agriculture, and Local and Regional Food Systems

A well designed 'cap and invest' program can and should create significant new resources for small and mid-sized farms and ranches to adopt practices that promote soil health and soil carbon sequestration. According to the USDA, the vast majority of Oregon's farms are smaller than the statewide average of 460 acres. Of Oregon's nearly 35,500 farms, over 80% are smaller than 180 acres in size, and over 60% are smaller than 50 acres.¹

Targeting both offset and Climate Investment Fund dollars towards climate friendly practices on smaller and mid-sized farms, adoption of organic practices, and supporting local and regional food systems is key to ensuring that significant benefits are spread across rural Oregon. While the growth of farm direct agriculture and organic acreage in Oregon has been substantial over the past decade, a wealth of data has emerged showing that smaller and mid-sized farms and ranches, and organic operations in particular, bring significant economic benefits to rural communities.

For example, the Federal Reserve's 2017 report 'Harvesting Opportunity: The Power of Regional Food System Investments to Transform Communities,'² explored "the potential for regional food systems to promote economic growth for both rural and urban communities through the creation of new or the enhancement of existing jobs and businesses," noting that "appropriately targeted policies and support can

¹ https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_1_State_Level/Oregon/st41_1_001_001.pdf

² <https://www.stlouisfed.org/community-development/publications/harvesting-opportunity>

advance the economic and financial security of low- and moderate-income households and communities.” Oregon’s cap and invest program should be constructed to help support local and regional food systems, and invest in projects on small and mid-sized farms and ranches across the state engaged in those markets.

Additionally, research from Penn State agricultural economist Dr. Edward Jaenicke published in 2016 titled ‘U.S. Organic Hotspots and their Benefit to Local Economies’ showed that the presence of organic agriculture and related businesses provide significant economic benefits to rural areas. This research looked into county-level economic indicators across the US related to agriculture and demonstrated that organic food and crop production, and related organic businesses, create real and long-lasting economic opportunities in regions where they are located. The research noted that organic “hot spots” – clusters of counties with statistically high numbers of organic farming and related organic businesses - have lower poverty rates and higher median annual household incomes than more general agricultural hot spots. According to the research, “a county’s poverty rate drops by 1.3 percentage points and the median household income increases \$2,094 when the county is part of an organic hotspot.”³

Finally, research is showing that the use of organic practices (both on organic and conventional farms) makes good sense for the climate. Recently published research by Northeastern University and The Organic Center has shown that organic practices are better at storing carbon in soils that would otherwise be released into the atmosphere.⁴ Looking at over 1000 soil samples nationwide from both organic and conventional farms, the study found that employing organic practices on farms that build soil organic matter - like increased use of cover crops, diversified crop rotations, reducing or eliminating use of petroleum-based fertilizers, using compost, and leaving land fallow periodically - has 26 percent more long-term carbon storage potential than on conventional farms that do not employ such practices.

Addressing the Growing Climate Impacts of Mega-CAFOs in Oregon and Limiting Use of Offsets

As noted above, we believe the very largest individual concentrated animal feeding operations (CAFOs) should not be exempt from the greenhouse gas emissions cap or reporting requirements if their overall emissions rival that of other ‘high emitting facilities’ that would otherwise be required to report annual emissions or be subject to the emissions cap. Oregon has a small number of what are the among the nation’s large dairy facilities with over 10,000 animals on site. Facilities of this scale are large sources of methane, a greenhouse gas over 20 times more potent than carbon dioxide. It is likely that Oregon’s largest dairy facility, with over 60,000 cows on site, is among the top 25-50 largest individual sources of greenhouse gas emissions in the state. Facilities of this scale operate more like a factory than a typical farming operation in terms of greenhouse gas emissions and climate impact. Exempting these individual large emissions sources from the cap will undermine Oregon’s overall efforts to address climate change.

Finally, offsets should be minimized, and if utilized, should focus on targeting incentives towards smaller and mid-sized operations, perhaps through aggregation of multiple projects. While methane digesters at dairy farms have been a significant focus of California offset funding in Oregon to date, for the very largest high emitting operations in Oregon, such pollution controls should simply be required.

³ https://ota.com/sites/default/files/indexed_files/OTA-HotSpotsWhitePaper-OnlineVersion.pdf

⁴ <http://www.sciencedirect.com/science/article/pii/S0065211317300676?via%3Dihub>