OREGON
ASSOCIATION OF
NURSERIES

Testimony before Joint Committee on Carbon Reduction
Relating to House Bill 2020
Submitted by Jeff Stone, Executive Director, Oregon Association of Nurseries
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Co-Chairs Dembrow and Power, members of the committee, my name is Jeff Stone and I serve as the Executive Director of the Oregon Association of Nurseries. Thank you for the opportunity to provide comments on the issue of reducing carbon in Oregon.

Oregon is responsible for .14% of the world's carbon emissions, so 99.86% of carbon comes from outside of our little slice of the Pacific Northwest. Oregon is abundant in natural resources – timber, food and nursery production reign and it is no accident that we have the potential to act as a key to open the door to resolving carbon issues.
The debate over House Bill 2020 is one that the agricultural community needs to take seriously and be part of a solution – otherwise policies and cost could overwhelm an economic sector that is poised to make a difference.

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.

OAN was an early adopter: The Climate Friendly Nursery Project

The first of its kind in the nation, the Climate Friendly Nurseries Project (CFNP) partnered with nurseries to help them measure and reduce energy, resource use and greenhouse gas (GHG) emissions while achieving greater economic efficiency and profitability. The CFNP was an Oregon-only collaboration between OAN and the Oregon Environmental Council and took place from 2009-2011. Nurseries who participated in the program, as well as others in the industry, continue to employ the best practices established with the CFNP.

At the conclusion of the three-year project, participating nurseries reduced their GHG emissions by an average of 20%. Best Management Practices for Climate-Friendly Nurseries, a guide developed through the project, provides best practice recommendations and case studies and identified funding sources and technical resources to assist with the energy and resource-efficiency upgrades. The CFNP demonstrates the need to recognize work and efforts underway and a path to invest in incentive programs to lower the barriers (cost and regulatory) of entry to all nursery and greenhouse production types.

Ag is not a regulated carbon entity

The good news is that agriculture is not seen as a carbon polluter and will not be regulated as such during the Oregon Legislative session in 2019. It does not mean that there are not consequences to agricultural producers – especially when it comes to cost of energy (predominately natural gas) and transportation (fuel cost). These are significant areas of concern to the association and we have done our level best to seek the advice and counsel of other nursery associations throughout north America.

Lessons from the North

The Oregon Association of Nurseries has consulted with the nursery industries in several Canadian provinces where carbon pricing has been implemented—British Columbia (carbon tax) and Alberta (carbon levy).

Alberta's carbon levy (tax) is applied to diesel, gasoline, natural gas and propane at the gas station and on heating bills. It does not apply to electricity. In recognition of the fact that Alberta's nursery industry competes with other provinces and U.S. States that are not subject to carbon pricing, as well as the fact that nursery products sequester carbon, Alberta's government has attempted to compensate the nursery industry in the following ways:

- Marked gas and diesel used on farms are exempt from the carbon levy.
- Creation of the Alberta Greenhouse Rebate Program, which offsets the significant cost increases for natural gas resulting from the carbon levy by providing eligible greenhouse operators with a grant equal to 80% of the carbon levy paid on their purchase of eligible natural gas and propane for crop production related heating within their greenhouses.
- Other farm incentive programs:
    - The On-Farm Solar PV Program, which helps producers buy grid-connected solar panel systems that can be used to generate electricity and reduce emissions on farms.
    - The Irrigation Efficiency Program, which helps producers invest in new or upgraded low-pressure irrigation equipment to improve water efficiency and reduce energy use.

The spike in natural gas prices damaged the greenhouse industry in Alberta and should act as a cautionary tale to Oregon lawmakers.
British Columbia's carbon tax applies to the purchase and use of fossil fuels. It does not apply to electricity. In recognition of the fact that British Columbia's nursery industry competes with other provinces and U.S. States that are not subject to carbon pricing, as well as the fact that nursery products sequester carbon, British Columbia's government has attempted to compensate the nursery industry in the following ways:

- The Greenhouse Carbon Tax Relief Grant, which provides eligible B.C. commercial greenhouse growers with a grant equal to 80% of the carbon tax paid on their purchases of natural gas and propane consumed for heating and producing CO2 for their production greenhouses.
- The Environmental Farm Plan Program, which helps producers find opportunities to decrease on-farm emissions and reduce climate risks by adopting beneficial management practices that enhance soil health, promote stewardship of riparian areas, advance integrated pest management, and increase energy efficiency. Cost-share funding is available for producers to invest in on-farm projects such as fuel switching, renewable natural gas, and upgraded irrigation systems.

Canadian nursery owners told OAN that since the implementation of carbon pricing in their provinces, fuel costs have increased 10% even though Canada is a net exporter of fuel. While the incentives and programs offered by Alberta and British Columbia do not completely mitigate the impact of these cost increases, OAN would like to see Oregon adopt measures like exempting on-farm fuels from carbon pricing, offering rebates to nursery owners for the substantial natural gas costs of heating their greenhouses, and offering financial incentives for improving irrigation equipment, installing renewable energy systems and making energy efficiency upgrades.
In simple terms – hold Oregon nurseries harmless.

Road to opportunity

The State of Florida has given the carbon debate a roadmap to use the green products in our transportation system. A visionary program, the use of plants and trees to serve as an environmental offset for road improvements should be a national model. Beautification is a luxury and this program is NOT that. The progression that Oregon hopes to advance is that planting large quantities of trees and other plants along roadways has significant value as a method of sequestering carbon, reducing erosion and creating wildlife habitat.

Continue the conversation on carbon

I am thankful for the outreach the Governor's Carbon Policy Office, the bipartisan leadership in both the State House and Senate to seek the advice of the agricultural industry. It is important that we solve issues that confront the state.

Thank you for your time and consideration