



Statement of the American Farm Bureau Federation

To: Senate Committee on Environment and Public Works

Regarding: Climate Change

**Presented By:
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President**

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My name is Bob Stallman. I am President of the American Farm Bureau Federation and a rice and cattle producer from Columbus, Texas. Farm Bureau is the nation's largest general farm organization, representing producers of every commodity, in every state of the nation as well as Puerto Rico, with over 6 million member families. I appreciate the invitation to address the committee this morning on an issue that has generated tremendous debate within our organization.

As we have looked at this issue, we have tried to stay grounded in facts, and as someone once said, facts are stubborn things. We also believe very strongly that this issue, like others, ought to be grounded in sound science.

What do the facts and the science tell us about climate change?

Number one, data seems clearly to indicate an identifiable warming trend. The data also shows that carbon dioxide concentrations in the atmosphere are increasing and that man-made emissions have increased for a number of decades.

But those aren't the only facts, and they don't tell the whole story. We also know, for instance, that the climate models that have gotten so much attention did not predict the cooling that has occurred over the last decade. We know that there have been times in the earth's history when carbon concentrations in the atmosphere were greater, when temperatures have been cooler or warmer – in short, there are any number of variables that probably affect the earth's climate in ways that we simply don't know. We know that reputable scientists have raised questions about the computer models that are being used.

There are three other salient facts that affect Farm Bureau's thinking on this matter.

1. The legislation that passed the House of Representatives will have virtually no impact on the earth's temperature in the year 2050. I believe Administrator Lisa Jackson indicated as much in her testimony earlier before this committee.
2. The legislation that passed the House will have enormous economic consequences for our country and the agricultural sector.
3. Unless other countries, such as China and India, adopt similar emissions restrictions, the United States, if it adopts this legislation, will be embarking on a fool's errand at great cost to our economy and our children and grandchildren.

At the outset, we must acknowledge that unilateral cap-and-trade legislation will have little or no impact on the climate. That is because greenhouse gas (GHG) emissions are global; to the degree they are an issue that demands attention, they require a global response. A ton of GHG emitted in China is the same as a ton of GHG emitted in Virginia. Regulating emissions in Virginia without regulating emissions in China will have little or no effect on the environment. Most experts agree that if the House legislation worked exactly as planned, it would not lower

temperatures by more than a few tenths of a degree by 2050¹. Most experts agree that the United States cannot solve this problem alone. EPA Administrator Jackson, in testimony before this committee last week and in response to a question on a chart showing the climate impacts, replied, “I believe that essential parts of the chart are that the U.S. action alone will not impact CO₂ levels.”

We all support leadership by the United States. But don't forget one thing: leadership only occurs when people are following you. If they're not, then it's the economic equivalent of unilateral disarmament. Leadership does not require the creation of inflexible restrictions on our economy with the hope – which so far seems largely unfounded – that major emitters in the rest of the world will follow. The House bill would actually restrict our negotiating flexibility and leverage with the rest of the world. It is absolutely imperative that other countries, such as China and India, bear their fair share of the burden.

Agriculture producers rely on foreign markets as sources for their products. Similarly, the international marketplace relies to a large extent on us to produce the food and fiber necessary to feed and clothe the world. The United States exported more than \$100 billion of agricultural products in 2007 and only the global recession pulled us off that number in 2008.

The increased fuel, fertilizer and energy costs that will result from H.R. 2454 will greatly impact the relationship of American producers with the rest of the world. U.S. agriculture is an energy-intensive industry that relies to a large extent on international markets.

These increased input costs will put our farmers and ranchers at a competitive disadvantage with producers in other countries that do not have similar GHG restrictions. Any loss of international markets or resulting loss of production in the United States will encourage production overseas in countries where production methods may be less efficient than in the United States.

The production of food and fiber in the United States is important both to the U.S. and to the world and must ensure that our producers are not put at a competitive disadvantage.

The provision adopted by in the House, which effectively imposes a border tariff on nations that have not adopted limits on carbon emissions, does not solve the problem – it compounds it. There is a growing amount of discussion on the issue among trade experts, but it will almost certainly be challenged in the World Trade Organization (WTO). India in fact has already said that if it becomes law, it will file a WTO challenge. It would be exceedingly difficult to enforce, and it does not enjoy the support of the administration. Other trade measures in the bill (allowances for manufacturers impacted by international competition, cash rebates, etc.) are also at best murky when viewed against the whole set of trade rules.

Absent a carefully constructed global agreement that includes developed and developing economies alike, no amount of punitive domestic regulation will either affect global climate or prevent severe repercussions for the U.S. economy.

¹ See Chip Knappenberger, “Climate Impacts of Waxman-Markey (the IPCC-Based Arithmetic of No Gain),” MasterResource, May 6, 2009, at <http://masterresource.org/?p=2355> (June 30, 2009).

A true solution must include every nation. As an example, Least Developed Countries (LDCs) emit 20 percent of global carbon dioxide yet under Waxman/Markey, they are excluded from having to take action. Though they are struggling economies, simply excluding them ignores their emissions and does nothing to assist them in resolving emissions concerns. Instead, it provides incentives not to change and gives them free reign to export carbon-heavy products to the United States at a significant competitive advantage. If this is truly a global problem then we must have buy-in from all nations if we are to find a solution. However, global buy-in will not be achieved if we impose our standards on other nations. This is neither good domestic policy nor good foreign policy.

We cannot and should not unilaterally attempt to regulate global carbon dioxide emission. This can only be accomplished through a comprehensive global agreement with contributions by all nations or the results on our economy will be devastating. Unilateral action is the wrong course.

Several times in the course of mark-up in the Energy & Commerce Committee, the members considered proposals that would have provided an “off-ramp” for the cap-and-trade program. In other words, the program would sunset unless similar commitments were made by other countries. In the absence of an international agreement covering all nations, such an approach would make far more sense than a border tariff that will exacerbate international tensions and not accomplish what it is designed to do.

For Farm Bureau, there are two overriding question to this debate, and they are ones we urge members of the committee to confront in no uncertain terms.

1. What do you wish to accomplish?
2. Does it make economic sense for farmers and ranchers?

If you believe that anthropogenic carbon emissions are causing global warming, then recognize the simple fact that the only, let me repeat, the only, solution is an international agreement. Doing it alone through legislation is a recipe for disaster for the American economy and for farmers and ranchers.

If, on the other hand, the goal is to wean our economy off the use of fossil fuels, then go about the real business of coming up with an energy plan for America. That means that whatever bill is adopted must recognize what will happen when our nation starts starving itself of carbon-based energy forms. If the economy is starved for energy, then prices for energy are bound to increase. Don't let that happen. If you want coal and oil to play less and less a role in our energy mix, then figure out what will take their place – before you put our nation on a diet that is bound to result in lower economy activity and a depressed Gross Domestic Product (GDP).

In other words, if Congress is going to discourage certain forms of energy by imposing greater costs on them, then provide our economy an alternative. The Global Warming community is very articulate on what they are against. Unfortunately, they're not quite as vocal about what they support. No one is against wind energy, solar energy, or other renewable sources of supply. But they will not replace significant portions of our base load capacity. Even so, the legislation should incorporate an “off-ramp” similar to the one I mentioned earlier for international efforts.

If we find that the level of available renewable power is not being produced, then the emission caps should be relaxed accordingly.

It's not enough simply to be against something – we must be for something as well. A cap-and-trade program will effectively create a hole in our energy supply. It's Congress's job to "plug that hole," not simply create it. Any legislation considered must be realistic and straightforward.

In that regard, we were pleased that the Senate Energy and Natural Resources Committee included some modest language (Sections 312 and 313) in the legislation it recently approved related to nuclear power. We expect that the Majority Leader will seek to combine the Energy Committee bill with legislation produced by your committee, but we believe that a true commitment to nuclear power goes beyond a Sense of the Senate resolution. Congress should make an unequivocal commitment to fostering and promoting an aggressive nuclear program and ensure that cap-and-trade emissions limits are not imposed in the absence of a robust program.

The second critical issue is that any legislation must make economic sense for farmers and ranchers, who produce food and fiber for our country and the world.

On the issue of offsets for agriculture, we strongly support the efforts undertaken by Chairman Collin Peterson (D-Minn.) in the House. We firmly believe that there must be an agricultural offsets program and it should be administered by the U.S. Department of Agriculture (USDA). We are also heartened by statements of the Senate Agriculture Committee Chairman Sen. Tom Harkin (D-Iowa) that he will use the Peterson provisions and build upon them in the Senate. We support such an effort.

According to the latest EPA *"Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2005"* updated in 2008, agriculture and forestry emit between 6 percent and 7 percent of the total GHG emitted in the United States. The same EPA document also indicates that agriculture and forestry have the potential to sequester between 15 percent and 20 percent of total U.S. emissions. The USDA says that currently these two sectors sequester about 11 percent of total emissions, so these sectors are responsible for reducing more GHG emissions than they emit. It stands to reason that any climate change policy should seek to maximize these contributions from agriculture.

Any climate change legislation will also impose additional costs on all sectors of the economy and will result in higher fuel, fertilizer and energy costs to farmers and ranchers. Cost increases incurred by utilities and other providers resulting from climate change/energy legislation will ultimately be borne by consumers, including farmers and ranchers. Electricity costs are expected to be one-third higher than would otherwise be the case by 2040. EPA's own estimates suggest coal costs could rise by more than 100 percent by 2020. Unlike other manufacturers in the economy, agricultural producers have a limited ability to pass along increased costs of production to consumers. It is extremely important that those costs be minimized to the greatest extent possible. Farmers are heavily dependent on the price and availability of inputs such as fertilizer and crop protection products. A viable agriculture sector includes viable fertilizer and chemical industries. The fertilizer industry has already gone through major restructuring due to higher natural gas prices and the closure of many U.S. production facilities. More than half of the

nitrogen fertilizer used in the United States is imported. Another rise in natural gas prices as EPA projects would likely result from this legislation could threaten the remaining fertilizer manufacturing facilities in the United States. This would make us even more dependent on foreign fertilizer imports.

Offsets are an important part of any cap-and-trade program. Because they are only useful to the extent they are cheaper than installing new technology, they serve as a cost-containment mechanism for entities trying to meet cap obligations. That means that fewer costs will be passed on to consumers, thus lowering the cost of compliance of a cap-and-trade program.

Agriculture and forestry are particularly well-suited to provide offsets to capped entities. Agriculture and forestry are not capped sectors under the bill, and would therefore be eligible to provide such offsets. There are a number of identified agricultural and livestock practices that have been proven to reduce or sequester GHG. These range from shifts out of conventional to conservation tillage, forest management, nutrition management, even afforestation. In order to achieve the full potential for GHG reductions and sequestration, climate policy should allow farmers and ranchers to adopt these practices to provide offset credits to capped entities. Adoption of these practices also provides other environmental benefits besides carbon reduction or sequestration. These other benefits may include reduced soil erosion, improved wildlife habitat, or increased water quality, to name a few.

The provisions establishing an agricultural and forestry offsets program within USDA added by Chairman Peterson go a long way toward meeting those challenges. This program recognizes a wide array of carbon reduction and sequestration practices in which agriculture and forestry can contribute to a cap-and-trade policy. It also allows “early actors” to a limited extent to participate in the offsets program, thus somewhat eliminating the perverse incentive of penalizing proactive farmers and rewarding latecomers. USDA understands the needs of producers and can work effectively with them to develop projects that meet the needs of the cap-and-trade market as well as the needs of producers. USDA also has the resources and the network to work effectively with farmers and ranchers to administer an agricultural offsets program.

Any cap-and-trade legislation must contain an agricultural and forestry offset program such as the one included in the House passed bill. Additionally, we believe domestic offsets should take priority over international offsets.

But inclusion of an offset program is not the complete answer. Even with a robust agricultural offsets title as indicated above, however, the bill still does not make economic sense for farmers and ranchers. There are several reasons for this.

First, a number of agricultural sectors will not be able to benefit from an offsets program. The attractiveness of offsets as a possible revenue stream for producers and a cost-containment measure for consumers should not cloud the fact that there are a number of agricultural producers who will not be able to benefit from offsets. That is because their production methods and practices are such that they have little or no opportunities to sequester or reduce GHG. There are clearly winners and losers in agriculture in the offsets markets. As a general farm

organization, AFBF represents all commodities, and we must consider all of their interests and concerns. Let me cite just a few examples:

- Dairy – Some people suggest that dairy operators will benefit by installing methane digesters. These digesters are expensive and can easily run into regulatory hurdles.
- Fruit & Vegetables – Many specialty crop producers simply do not have the opportunities to qualify for offsets.
- Wheat & Corn – Many growers in these commodities are looking for monetizing benefits from no-till agriculture. Yet, EPA has explicitly said that no-till does not provide sequestration opportunities.

There are other examples. Cotton producers, for instance, do not have opportunities for benefitting from offsets. Western ranchers whose operations are heavily dependent on the use of federal lands for livestock forage also have very limited offset opportunities. These ranchers are constrained in the types of grazing practices they can employ on federal lands, and federal lands themselves do not qualify for offset opportunities. Potato producers also have little or no opportunity to provide offsets. In fact, many areas in the West in general that are the most coal-dependent are also the areas that have limited offset opportunities. Thus, they will face higher costs with little opportunity to offset those costs.

EPA suggests that there are no revenues to return to the sector from reduced tillage or no-till practices. It appears to be their view that land management practices have already adjusted sufficiently to the point that there is little additional carbon sequestration left to be gained by shifts to no-till or other conservation tillage practices in the future. If the EPA's view is allowed to prevail, offset opportunities for an even more significant segment of our sector will be foreclosed, and carbon sequestration opportunities will be lost. Not all areas of the country are able to productively adopt conservation tillage practices, however, thus further restricting their offset possibilities.

Yet, these producers will incur the same increased fuel, fertilizer and energy costs as their counterparts who can benefit from an offsets market.

In addition, revenue from offsets will defray only a portion of the increased input costs resulting from a cap-and-trade program, and not all of the costs. Producers will still face the prospect of increased input costs without the ability to pass on those costs. H.R. 2454 was amended to defer auction of emission allowances for a significant portion of the total allocation, a factor that really delays but ultimately does not remove overall program costs. More free emission allowances also means a lower price of carbon and a lower demand for offsets. As the price of carbon and offsets rise, producer input costs will rise as well. We have not, as of yet, been able to identify any scenario where the costs of cap-and-trade will not exceed revenues from offsets. And that is even before we factor in any transactional costs associated with development, monitoring or verification of offsets that might be incurred by producers.

From a broader perspective, Farm Bureau's goal has been to contribute positively to the debate over climate change. We certainly hope this committee will do the same.

I would like to provide a general discussion of how we view the economics of cap-and-trade. I must caution the committee, however, that it is very difficult to give a precise and accurate economic assessment of H.R. 2454. That is so for several reasons:

1. Nearly all the economic figures surrounding this bill are based on EPA's analysis provided to the committee either in April or June;
2. These economic projections are keyed to a specific set of assumptions ranging from unfettered access to nuclear power to unveiling of carbon capture and sequestration technology; and
3. Given that EPA favors the legislation and was directed by Chairman Henry Waxman's (D-Calif.) staff to use certain assumptions, we believe it is safe to say any cost estimates I provide you today are not only minimal but are probably unrealistically optimistic.

Let me give the committee a flavor for the kind of assumptions that underpin the legislation:

1. EPA in its analysis used assumptions "provided by committee staff on the use of allowances"² that:
 - o Increased carbon capture and sequestration bonus allowances;
 - o Provided that necessary allowances would be deficit neutral; and
 - o All remaining allowances would be returned to households in a lump sum fashion.
2. EPA in its analysis used committee staff directions on the commercialization of Carbon Capture Storage (CCS) technology. EPA assumed this technology would be affordable and commercially available starting in 2014, whereas most other estimates are for 2020 or 2025 or beyond. None are in place today.
3. EPA in its analysis used previous assumptions by MIT³ on the degree to which developing nations, such as China, would engage in similar emissions-reduction policies. For China and India, for example, this assumes that these countries (and others in the developing world) "would adopt a policy beginning in 2025 that returns and holds them at year 2015 emissions levels through 2034, and then returns and maintains them at 2000 emissions levels from 2035 to 2050."
4. Yet, EPA notes⁴ that "While this analysis contains a set of scenarios that cover some of the important uncertainties when modeling the economic impacts of a comprehensive climate policy, there are still remaining uncertainties that could significantly affect the results."
5. A large share of emissions reductions stem not from the policies in the bill but from reduced GDP as a result of the economic recession, as well as earlier policy changes enacted in the *Energy Independence and Security Act*. The source for these emissions reductions is the latest (2009) Annual Energy Outlook.

Earlier analysis by EPA of the Lieberman/Warner proposal looked at the effects on carbon prices and other economic variables if the fundamental assumptions regarding nuclear power and other portfolio mix shifts did not occur. Without that addition of nuclear power generation, carbon

² EPA Preliminary Analysis of Waxman-Markey Discussion Draft, 4/20/09 available at <http://www.epa.gov/climatechange/economics/economicanalyses.html#wax>, page 10

³ *Assessment of U.S. Cap-and-Trade Proposals*, Report No. 146, April 2007

⁴ Op. cit., page 4

prices and associated energy costs almost doubled compared to the earlier base case. It is critical that we understand how sensitive EPA's analysis of this bill is to these underlying assumptions. Certainly one should know those answers before taking the bill to the floor. In fact, we strongly recommend the committee require EPA to provide analysis using assumptions similar to those contained in Scenario 7 of its Lieberman/Warner proposal study. Because while the caps will be written into law, the market and power generation structures implied by EPA's current analysis are just a set of assumptions.

Let me cite just two examples.

In the MIT study mentioned earlier, the authors point out that they "limited nuclear electricity generation to that possible with current capacity on the basis that safety and siting concerns would prevent additional construction. With strong greenhouse gas policy such concerns may be overcome, especially if other major technologies such as carbon capture and storage can not be successfully developed, run into their own set of regulatory concerns, or turn out to be very expensive."⁵ In other words, a carbon-less world might be so expensive that nuclear energy becomes a viable source of electricity generation. The authors go on to say that the "fate of CCS is the mirror image. With nuclear limited, CCS expands beginning in 2020 to about 18 EJ in 2050. When nuclear is allowed to compete on economic terms, some CCS is viable but losing out to nuclear after 2040, when the CO₂-e price has risen substantially. Coal generation without CCS disappears in either case. These relatively detailed results help illustrate the scale of effort required to meet these policy constraints. There are just over 100 nuclear reactors in the U.S. today, and so a six-fold increase in nuclear generation would require the construction of approximately 500 additional reactors. If nuclear cannot penetrate the market the scale issue is not avoided but instead is transferred to CCS, requiring siting and construction of about the same number of new CCS plants."

Those are enormous variables.

The second example was articulated recently in a story discussing the Waxman-Markey bill's allocation of about \$200 billion for CCS technology. Pointing out the almost unprecedented level of money (six times greater than the amount contemplated in legislation considered in the Senate a year ago, according to the author), an article⁶ in the trade press nevertheless quoted an energy researcher as saying CCS may never even materialize.

"At the most optimistic, this bill is the beginning of a revolution. Or it could just be a flash in the pan," said Kevin Book, managing director at energy research firm ClearView Energy Partners." Another expert, Sarah Forbes at World Resources Institute, was quoted as saying she was not sure the funding was enough. Still others pointed out technological and legal issues that have not been answered.

These are just two examples of the kinds of assumptions that underlie the House bill. It is nearly impossible to evaluate exactly how such scenarios will play out, nor does it seem reasonable, given the magnitude of the unknown, that everything will come out just right.

⁵ MIT study, op. cit., page 32

⁶ "Carbon Capture and Storage Moves to Center Stage of cap-and-trade Debate", *Climate Wire*, June 9, 2009

And bear in mind, again, that the legislation itself will have virtually no impact on global climate.

Let me point out one way that we believe it creates tremendous potential for problems in the future.

In order to facilitate passage of the legislation, sponsors of the bill generally decided not to auction off the allowances, as President Obama said he wished to do. Auctioning, according to the administration, would have raised more than \$600 billion. But in order to hold down the costs of the legislation to consumers, and thus get more votes for the bill in committee, the legislation's sponsors gave away more than 80 percent of the allowances for free.

It is not hard to imagine a scenario, in a year or two when the federal deficit remains quite large, for this administration or some members of Congress, when looking for revenues, to go back to the cap-and-trade program and utilize it as a source of revenue for the Federal Treasury by auctioning off the permits. Previous administrations have sought to auction off the radio spectrum as a way of raising money. Given the demands on the Treasury, we have little doubt that once put in place; a cap-and-trade scheme will provide an easy mechanism for some to look to as a way of hitting peoples' pocketbooks. It will be an energy version of the tobacco "sin" tax, revisited or the sweetener tax now being discussed, when the need arises to raise money.

Even laying aside that scenario, however, there is no question that the national effort to cap and then further reduce GHG emissions represents a significant restructuring of the nation's economy. While most policy options on the subject to date have not included production agriculture as a capped sector, agriculture would certainly feel the effects of limiting GHG output through the changes in the energy production industry. At the very least there will be increases in energy costs in general, but more specifically higher costs faced by sectors that provide inputs to production agriculture. As these costs are passed to agriculture, producers certainly will react but are constrained as to the extent to which they may respond. Additionally, higher energy costs faced by those sectors which purchase agricultural products will result in lower prices offered to producers.

Taking EPA's estimates of 2020 costs, AFBF projects input costs would rise by \$5 billion versus a continuation of current CO₂ policy. This \$5 billion essentially carries forward to a nearly full \$5 billion reduction in farm income. Corn production, with a heavier emphasis on energy-based crop nutrient requirements, would face some of the highest increases in costs with a rise of 9 percent. Conversely, soybean producers, due to a much smaller reliance on energy-based inputs, will only see costs move by 5 percent. Not surprisingly, this shift in costs is expected to lead to a shift out of corn and into soybean production. Overall, producers are expected to reduce slightly – by half a million acres or so – overall plantings in response to these higher costs.

But it is critical not to stop in 2020, even though much of the analysis conducted to date tends to focus on these early-year effects. As mentioned earlier, the full impact of the bill will not be realized until 2050. Conducting analysis of an industry as dynamic as agriculture for effects more than 40 years in the future is difficult at best and certainly subject to a great deal of debate. But the fact remains that this legislation is intended to set in law specific targets the economy

must meet by the time we get to 2050. It will set rules on how our children and our grandchildren must be prepared to farm to be in compliance with this bill.

EPA's estimates of how things will look in 2050 under this legislation suggest a substantially different world. For example, the 2020 CO₂ prices estimated by EPA come in at \$22.20 per ton – expressed in 2005 dollars. For 2050, CO₂ prices – again in 2005 dollars – by EPA's estimates are \$95.90 per ton. Consequently, the relatively minor adjustments discussed before for 2020 policy implementation pale in comparison to how the sector will be impacted by 2050.

Extending the same analytical approach used before, we have imposed those higher energy costs on the industry as if they occurred in 2012. Then we looked at the industry behavior under those new conditions.

Production costs under that scenario rise by \$13 to \$14 billion after the initial year's impacts. Here again, acreage shifts occur between commodities, with corn and other energy-intensive input crops giving land to less-intensive crops, primarily soybeans. Overall, producers shift out of roughly 1.5 million acres. Input costs averaged over the third to fifth year subsequent to the shock rise by \$13 billion, with nearly \$11 billion of that rise deriving from higher fertilizer costs. Overall, farm income is estimated to run \$13 billion lower than would be the case without CO₂ costs in the \$90+ per ton range. Further, consumer spending on food rises by just over \$13 billion.

Moreover, these are not the only shifts in acreage. Another area of concern is the potential for land to shift from farm to forest production and the consequences of such shifts. Some of this acreage will no doubt come from land currently devoted to pasture and forage production and would therefore place even greater limits on the cattle industry. It is also possible we may get some shifts out of crop production into trees if CO₂ prices were to rise sufficiently. Much more work is needed to understand the full effects of these potential land use adjustments.

There is also a potential revenue stream available by sales of crop residue as an input into the renewable electricity standard. Studies on this issue suggest the greatest contributor to this energy source will be corn stover, with wood chips and other forest management residue also providing a major source.

Removing stover from the field will, however, also remove some crop nutrients from the same field. Consequently, taking that residue off the field will require producers to increase their fertilization rates to keep up the same level of productivity. As has been pointed out more than once, fertilizer – especially energy-intensive fertilizers – are not cheap and are expected to rise even more due to this legislation.

Some studies suggest corn stover at current fertilizer and fuel costs will need to receive at least \$60 per ton in order to justify bringing the product to the field edge.

In conclusion, we remain very concerned about the broad potential adverse impacts of cap-and-trade on agriculture. Even though some say agriculture will benefit, that will depend to a great degree on where the producer is located, what he or she grows, and how his or her business

model can take advantage of any provisions in the legislation. Not every dairy farmer can afford to capture methane – it is a capital-intensive endeavor. Not every farmer lives in a region where wind turbines are an option. Not every farmer can take advantage of no-till. Not every farmer has the land to set aside to plant trees.

Yet, every farmer has production costs to meet. Nearly all of us rely on fertilizer. We all drive tractors. We all use energy in our production. We know our costs will rise. And frankly, we are very concerned about the impact of this legislation on our livelihood.

I appreciate this opportunity to offer these comments to the committee and will be pleased to respond to any questions.