



HB 2137A – please support extension of the farmworker housing tax credit without the expansion to operating costs and “resident services”

Testimony for the House Revenue —5.9.2019

Under the Agricultural Workforce Construction tax credit, Oregon taxpayers pay half of the cost of building farm worker housing. The credit, enacted in 1989, sunsets soon and should be extended. Our understanding is that credit recipients use receipts as a match for federal funds in which case Oregon and federal taxpayers offset all of the cost of building employee housing for much of the farming workforce.

HB 2137, with the -1 amendment, would expand the tax credit to cover the operating expenses of agricultural housing. Under the expansion, both farm labor camp operators and employers and operators of agricultural housing complexes would receive 50% of the cost of **utilities, insurance, property management, repair, and unspecified “resident services.”**

LRO has estimated that without a cap, this addition would increase the cost to the General Fund from \$3.3 million to \$14.5 million this coming biennium.

The Legislative Revenue Office has identified “ambiguous language” in existing law. And certainly it is unclear what services would be covered as “resident services”. Infant care, after school care, movie nights, cleaning services?

We understand that many farmers have unusual labor forces where some employees are seasonal and are essentially temporary tenants of the farms or in the communities where they work. On the other hand, many in the industry have mostly year-round employees. Glancing at the attached sheet where we’ve embolded farm employees, nearly all farm employees appear to be poorly paid. But is that a problem that should be solved with more tax subsidies or should it be solved by farmers increasing the wages they pay?

As you can see, many employees in other businesses struggle to pay for housing, utilities and child care because they receive poor wages. Yet we don’t have housing built specifically for hotel maids, restaurant dishwashers, manicurists and pedicurists, childcare workers, parking lot attendants, home health aides or cashiers.

Shouldn’t we make sure these other low-income employed Oregonians have a place to live besides their car before we provide utilities, insurance, and “resident services” for agricultural workers?

We are aware that a web of subsidies runs through American farming. It is not our intent to challenge that web, and we are sympathetic to the needs of all families for decent housing. We are skeptical, however, of the need for taxpayers to further subsidize agricultural employers.

When this bill was heard in a prior session, we recall that advocates justified expansion of the credit because of new stricter federal Labor Department rules. However, the existing construction tax credit can be used to meet OSHA standards. Further, farmers who provide substandard housing are violating the law. Last week the federal Labor Department found squalid conditions at a Silverton farm and issued a \$35,000 fine. This is a difficult policy problem, but we find it distressing that the legislature would increase subsidies rather than enforce existing policies where problems exist.

The current construction credit costs taxpayers \$3.3 million per biennium, according to the Oregon Tax Expenditure Report. Staff estimated with the -A amendment the cost will be \$7.25 million a year – so \$14.5 million a biennium. This expansion would increase the current \$500 million per biennium in Oregon agriculture owner subsidies.

Across the state, waiting lists for low-income housing are long. We have school children sleeping in cars; their parents employed in non-agricultural, low-paying professions. Considering other demands on taxpayers, we look forward to a more rigorous justification for the expansion of the farmworker housing subsidy.

Please scroll down to see a list showing farmworker pay along with other low income workers, other workers some of whom don't have a home, much less a home with utilities, toilet paper, insurance, and other undesignated services – all paid for by the General Fund.

We read the bills and follow the money



39 lowest paying professionals in Portland

excluding

food service workers,¹ and workers who the Bureau of Labor Statistics do not collect annual wage information, like actors, musicians and dancers. Data is from the *Portland Business Journal's* list published 4.14.2018

Building Cleaning Workers	\$13.82
Demonstrators & Product Promoters	\$13.78
Slaughters and Meat Packers	\$13.70
Farmworkers & Labors Crop, Nursery & Greenhouses	\$13.28
Gaming Change Persons & Booth Cashiers	\$13.18
Machine Feeders and Off-bearers	\$12.51
Taxi Drivers and Chauffeurs	\$12.47
Security Guard	\$12.33
Laundry & Dry Cleaners Attendants	\$12.30
Locker Room, Coatroom and Dressing Room Attendants	\$12.30
Cleaners of Vehicles & Equipment	\$12.23
Hand Packers & Packers	\$12.16
Sewing Machine Operators	\$12.05
Personal Care Aides	\$12.01
Retail Salespersons	\$11.99
Meat, Poultry & Fish Cutters & Trimmers	\$11.97
Textile Cutting Machine Setters, Operators & Tenders	\$11.83
Manicurists and Pedicurists	\$11.82
Childcare Workers	\$11.81
Parking Lot Attendants	\$11.77
Automotive and Watercraft Service Attendants	\$11.77
Nonfarm Animal Caretakers	\$11.76
Maids and Housekeeping Cleaners	\$11.75
Cleaning, Washing & Metal Picking Equipment Operators	\$11.73
Religious Workers (Administration & Other)	\$11.73
Hotel, Motel & Resort Desk Clerks	\$11.71
Floral Designers	\$11.70
Pressers, Textile, Garment & Related Materials	\$11.67
Entertainment Attendants & Related Workers, all others	\$11.60
Home Health Aides	\$11.56
Cashiers	\$11.52
Ushers, Lobby Attendants & Ticket Takers	\$11.68
Amusement & Recreation Attendants	\$11.40
Food Processing Workers, all others	\$11.35
Animal Tenders	\$11.28
Lifeguards, Ski Patrol & Recreational Protective Services	\$11.27
Graders and Sorters, Agricultural Products	\$11.16
Baggage Porters & Bellhops	\$10.98
Farmworkers, Farm, Ranch & Aquaculture Attendants	\$10.85

¹ Note, somehow the Restaurant Association got their workers excluded from this list, claiming that many are part time and seasonal workers. It seems rather likely that was a political excuse. Lifeguard and ski patrol workers would seem to fall in the same category, but they are included.