

Madras Farms Co.
P.O. Box 638
Madras, OR 97741

February 8, 2022

House Committee on Business and Labor
Oregon State Legislature
900 Court St. N.E.
Salem, OR 97301

Dear Chair Rep. Holvey and Committee Members:

My name is Tim Kirsch and I farm in Jefferson County, Oregon. My father, Tom Kirsch, my older brother, Mike Kirsch, and I own Madras Farms Co. which was established in 1972. We produce alfalfa, carrot seed, grass seed, hazelnuts and nursery stock on approximately 1,800 acres of irrigated farmland. We employ over 30 dedicated, hardworking employees and many of our employees have been employed with us for 10 years or more. I am writing to share with you my concerns with HB 4002 which is currently being considered by the Oregon State Legislature House Committee on Business and Labor.

The overtime wages that would be required if HB 4002 is enacted into law would be devastating to our farming operation. We would not be able to afford the additional payroll costs, which would likely be about \$110,000 per year. Based on historical figures, this increase in payroll costs would completely eliminate our profitability in some years and would significantly lower our profitability in most years. To stay in business, we would be forced to limit the number of hours that our employees work, reduce the number of employees that we can hire, further mechanize our farming operation and grow crops that require less labor to produce. This would eliminate the jobs, livelihoods and way of life for many of our employees and negatively impact our business and personal lives as business owners.

In agriculture, commodity prices are set and dictated by market values and what consumers are willing to pay for the end product. As a result, agricultural producers cannot simply increase the sale price of the commodities they produce to account for increases in labor costs or any other costs. Specifically for our farming business, our profitability in recent years has been reduced by burdensome federal and state labor laws and regulations, the Oregon Corporate Activity Tax and drought. Adding mandatory overtime wages to our costs of doing business will make it even more challenging to remain profitable and most likely will not be sustainable long term as wage rates continue to increase.

By nature, farming and ranching is seasonal which affects the total period when agricultural production can be pursued and the days within a given season when agricultural work can be performed. This is the main reason that the agricultural industry is currently exempt from paying overtime wages under federal law and the main reason that most states currently do not mandate paying overtime wages for agriculture. HB 4002 proposes an aggressive agricultural overtime

wage policy. This is not sensible policy and farms and ranches in Oregon may not be able to recover from the negative impacts of this proposed bill.

The Oregon agricultural economy has a farm specific value of more than \$5 billion and contributes an overall added value of more than \$28 billion to the Oregon economy on an annual basis. This equates to approximately 15% of the Oregon economy and approximately 12% of the jobs in Oregon. In addition, approximately 75% - 80% of the agricultural commodities produced in Oregon are exported and approximately 40% of the agricultural commodities are exported internationally, resulting in new income from outside of our state and country. Most likely, HB 4002 will jeopardize this vital economic activity, which will not only negatively affect the Oregon agricultural economy, but the overall Oregon economy as well.

As a family farming business, we are not in a position to operate at a loss year after year. To stay profitable, we must actively control our costs, including labor, which is one of our largest costs. If HB 4002 becomes law, in most cases it will result in the loss of employment and reduced wages for farm and ranch workers. My concern is that the consequences of this policy have not been fully considered and that this bill will actually harm the people and families that it intends to help. I strongly urge you to please oppose HB 4002 during this Oregon state legislative session as this proposed bill will negatively impact Oregon farmers, ranchers and agricultural workers, the Oregon agricultural economy and the Oregon economy overall.

Sincerely,



Timothy W. Kirsch
Vice President