

Submitter: Tracey Ellison
On Behalf Of: Oppose HB 4002
Committee: Joint Committee On Farm Worker Overtime
Measure: HB4002

I am concerned about the impact that HB 4002A, the ag overtime proposal, would have on farmers and employees. Farmers are price takers. This means they cannot increase the sale price of their crops when labor costs increase. Consumers in the global commodity market set their prices. Any added costs will have to be absorbed by farmers. That's the economic reality for those in agriculture.

Oregon's specialty crops are labor intensive and have peak seasonal needs, including harvesting, pruning, and planting. This bill will likely cost farmers thousands in new labor costs that they can't afford. To remain in business, they will be forced to limit the number of hours that employees work to 40 hours per week, mechanize or transition to less labor-intensive crops to avoid the added expense of overtime pay. They do not want to do this, but that is the practical reality. The tax credit provided in the bill is not a durable solution, and they will have to begin the transition away from labor immediately.

Farmers have been clear about the consequences of this policy, but I'm also concerned that farm employees will see their paychecks reduced or jobs cut if overtime pay is required after 40-hours. They also may not be able to provide health care, provide free housing, provide free vehicle, pay end-of-season bonuses or any number of incentives that are common to attract skilled labor in agriculture.

As a family business, they can't operate at a loss year-over-year. Mandating overtime after 40-hours demands wages that are not possible with the economics of agriculture and will result in reduced pay and opportunities for farm employees. Only seven states have adopted ag overtime policies, and most have crafted policies that ensure that local farms can remain viable and that employees' jobs and paychecks are protected. Several states have adopted policies to meet seasonal needs and others established higher overtime thresholds that help avoid some of the worst consequences.

A tax credit is not a workable or durable solution to farmers paying for overtime. Tax credits will be phased out as soon as a recession hits, cannot be enacted in perpetuity, and, as crafted, phase down when growers will need them most. There needs to be a workable and durable solution that can only be found by adjusting the structure of the overtime proposal to account for the seasonal and year-round needs of the agriculture industry.

Concerned they many stand to lose their family business, I urge you to oppose an

overtime mandate at 40-hours in HB 4002A. Farmers would rather take their chances making their case to BOLI than deal with the immediate consequences of the passage of HB 4002A for their farm and their employees. Please help save agricultural jobs and family farmers - VOTE NO ON HB 4002A!