



February 1, 2023

Chair Paul Holvey
House Committee on Business and Labor
900 Court Street NE
Salem, OR 97301

Dear Chair Holvey,

On behalf of the Oregon Wine Council, which represents over fifty percent of Oregon Wine grapes, grown, produced and sold, I am writing to express our concerns with HB 2058 and the recently introduced -1 Amendment.

While we recognize that the \$10M tax credit included in HB 2058 is intended to honor the promise made to producers when negotiating the agriculture worker overtime program in the 2022 Legislative Session, the reality is that the program will likely not be utilized or beneficial. As written, producers would be required to take out a loan on their payroll, then submit for reimbursement without knowing whether or not the loan would actually be reimbursed or if the tax credit would be granted. Taking out a payroll loan is not a sustainable way to run a business, nor is this a risk that many producers will be willing to take.

We also recognize that the goal of the -1 Amendment is help address this cash flow issue. However, the loan program outlined in the Amendment is only a short-term solution for small producers between now and when they can collect the tax credit. This loan program is proposed as a band-aid fix and still fails to recognize that the tax credit model isn't functional or a smart business practice for producers.

If you are seeking to honor the negotiations made with producers last year, we encourage you to consider a more comprehensive approach to address the challenges producers are facing from to the overtime requirement. We urge you to consider a grant program for producers facing increased payroll costs due to this mandate instead of a loan program.

Finally, we encourage you to look at the unintended consequences that are occurring for both workers and producers in California as they have begun their implementation of their farmworker overtime program.

We appreciate the intent behind the tax credit in HB 2058, but urge you to reconsider the way the loan is structured and look instead at a potential grant program for producers who are struggling to make payroll due to increased costs as a result of the agriculture worker overtime mandate.

Sincerely,

Sam Tannahill

President
Oregon Wine Council