

Testimony to the House Committee on Business and Labor April 13, 2015

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Chairman Holvey, and Members of the Committee, my name is Cameron Howell. I live in Albany, Oregon and work in Corvallis, Oregon. I am licensed as a CPA in the State of Oregon and have been working in accounting and finance for over 16 years. I am the Chief Financial Officer of a locally-owned and operated community bank that employs approximately 160 people throughout the Willamette Valley. While my Bank remains apolitical, I stand before you today as a concerned citizen and a supporter of small- and mid-sized businesses and non-profit institutions. I am personally opposed to House Bills 2008, 2009, and 2012. I believe that the actions proposed in these bills are very short-sighted and will encourage general price inflation that will rapidly catch up with minimum wage workers. The consequences of these actions will tend to harm the very people that these bills were written to help.

For many businesses, employee wages and benefits represent a significant component of operating expenses. If the minimum wage is artificially raised through legislative action, the cost of doing business in Oregon will rise (often, substantially). In my dealings with business owners and operators through the Albany Chamber, many have voiced their concern that they will soon be faced with the difficult task of trying to mitigate this increased expense. Some of their responses follow:

- Some businesses will raise prices, prematurely driving the overall cost of goods and services higher (inflation). Some businesses will be unable to raise their prices due to a competitive business environment that extends beyond the borders of Oregon. General inflation caused by rising prices will negatively impact all consumers of goods and services in Oregon, including those at the lowest income levels.
- Some businesses will reduce expenses. Employers may choose to reduce staffing and try to operate with fewer employees. Those employees remaining may have higher wages, but several others could lose their jobs. Some companies will reduce employee benefits to offset the increase in wages. Non-profit organizations are extremely vulnerable as they often rely on low-wage employees and working volunteers to operate. Many of these worthwhile organizations are also heavily reliant on local business donations to support their efforts. When business costs rise, donations tend to fall.
- Some businesses will choose to relocate to states with more business-friendly environments. Some businesses that would like to operate in Oregon will choose to not move in. If lawmakers deliberately choose to increase the cost of doing business in Oregon, the State and its captive businesses will be at a strategic disadvantage to other states in competing for new business.
- Some businesses that are unable to react will be forced to close. If a business or non-profit is struggling to survive, and is unable to increase its prices, lower its costs or relocate, then it will fail. This will have a negative impact on many people, including those at minimum wage.

As a business leader in my community, I feel that it is important for me to balance the needs of all of my company's stakeholders. These stakeholders include all of the people living in the communities in which my bank operates. These people are our employees, families, customers, and friends. My employer strives to provide all of its employees a safe and comfortable working environment where they feel valued and appreciated. Employees earn a fair wage for the services they perform. Today, we are able to offer a strong benefits package with medical, dental and vision coverage, short- and long-term disability, a 401(k) plan with matching contributions, generous paid time off, and other tangible and intangible benefits. In my opinion, arbitrarily raising the Oregon minimum wage (beyond the rate of general inflation) will have a negative impact on all the people within our communities. In fact, the actions proposed in these three bills will hurt our communities far more than any benefit that is envisioned.

Thank you for the opportunity to testify today. I would be happy answer any questions that you may have.