

**Testimony Concerning Minimum Wage Legislation
Senate Committee on Workforce/
House Committee on Business and Labor**

**Committee Chairs Dembrow and Holvey and Vice Chairs Thatcher,
Barton, and Kennemer
April 14, 2015**

I would like to take this opportunity to comment on the general principles involved with raising the minimum wage, and not on any of the specific bills that were heard on 13 April. My name is Gerritt Rosenthal. I reside in Stafford (Tualatin area), HD # 37. I am an activist for Onward Oregon and for the Taxpayers Return on Investment Coalition. I am also the Platform Chair both for the DPO and for Washington County Democrats. I am a former candidate for HD # 37.

This testimony is personal and not on behalf of any of the above-mentioned groups. It does not represent an official statement by the DPO.

I have four areas of comment:

I. The Hearing

The hearings were interesting, both in the number of people who spoke as well as the personal nature of much of their testimony. I am glad the legislature is taking this measure very seriously. I think it is clear that an increase in the minimum wage is needed, but will not get into the weeds as to the exact amount or timing, although sooner is better.

II. Democratic Party Principles

Second, as I am sure you are aware, an increase in the minimum wage is completely in line with the 2014-2015 Democratic Party Platform Article 1 – Jobs, Business & Labor in two regards. Plank #1 supports “living wage” jobs. Plank # 4 opposes wage inequalities for women and minorities. The current minimum wage is not a “living wage” according to most of the testimony given at the hearing. In addition, DPO Priority Legislative Action Item #6 reads “Establish a defined “living wage” tied to inflation that allows full-time workers to live above the poverty level.” It is worth noting that the 2014 DPO Convention chose the words “living wage” and did not specify a specific dollar level but deferred to economic experts and the legislature. The Convention felt that the specific details of such legislation were beyond its level of expertise. This same Article also provides strong support for small business and the entrepreneurial spirit.

III. Business Sector Impacts

My third point is to offer a suggestion based on what I heard at the hearing. It is clear that specific employment sectors that are smaller scale, have a high labor budget component, and are competing on a regional/world scale will be negatively impacted by a dramatic increase in the minimum wage. I am specifically referring to the small scale farming

operations that use high quantities of seasonal labor but compete on the world market. Somewhat similar concerns might also be held for start-ups, and for certain service businesses in more rural markets.

For the agriculture sector, I feel we must be careful not to cripple our small and moderate scale Oregon specialty agriculture (pears, cherries, filberts, grapes, mint, etc.). To this end, assuming a statewide minimum wage is established, it might be practical to allow certain agricultural operations to qualify for tax breaks equal to some portion of the increased wage. This would apply for a phase-put period. This would amount to a limited period subsidy for certain operations that meet specific thresholds for the wage component of operations (e.g. > 35%) cost and that produce a product controlled by non-local market pricing.

For other sectors, such as new market start-ups, a similar subsidy might be applied for the first 2-3 years of operation. For example, small businesses might be eligible for a percentage tax reduction based on number of employees and wage scales. After all, we provide significant tax breaks for large employers.

The overall point is that the working poor need a wage hike but we must take pains not to cripple economically sensitive smaller businesses. Again, the DPO Platform, Article 1 specifically calls out the need to encourage entrepreneurialism and small business.

IV. Statewide Parity

Finally, the minimum wage rise should not be the same throughout the state. What is appropriate for the job market in Portland or Washington County is not appropriate for Harney County. I would suggest legislation that pegs the maximum increase (by 2018?) for the Portland area (or the highest average wage area), with levels adjusted downward for each County (and each SMSA) based on comparative prevailing wage or cost of living data. Some costs, particularly housing, are much lower in rural areas. Also, in some areas there are single services/goods providers that operate at marginal profit levels due to a limited number of available customers, yet provide a critical local service or goods option.

In summary, you have your work cut out for you since all the proposed bills are somewhat too simplistic. Significant amendments are needed to adjust to reality. However, an increase in the minimum wage to near \$15 per hour (by 2018?) is clearly needed and will have positive impacts on many aspects of Oregon society such as childhood nutrition, family cohesion, better health care access, etc. The potential negative impacts on specific business sectors should not be ignored but can be largely ameliorated.

Thank you for the opportunity to comment.

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