



SB 114: Additional subsidy for providers of farmworker housing

Testimony for Senate Committee on Workforce – 2.19.2019

Under the Agricultural Workforce Construction tax credit, Oregon taxpayers pay half of the cost of building farm worker housing. The credit, enacted in 1989, sunsets December 31. Our understanding is that credit recipients use receipts as a match for federal funds, in which case Oregon and federal taxpayers offset all of the cost of employee housing for at least some farm operations.

SB 202 would extend the credit for six years. SB 114 would expand it to cover operating expenses of agricultural housing. Under the expansion, employers would receive credits for 50% of the cost of utilities, insurance, property management, repair, and unspecified “resident services.”

The Legislative Revenue Office has identified “ambiguous language” in existing law. We suggest that the expansion also contains ambiguous language with respect to eligible expenses.

We understand that many farmers have unusual labor forces, in that employees are seasonal and are essentially temporary tenants of the farms on which they work. They also are generally exempt from wage and hour laws.

We are aware that a web of subsidies runs through American farming. It is not our intent to challenge that web, and we are sympathetic to the needs of all families for decent housing. We are skeptical, however, of the need for taxpayers to further subsidize agricultural employers.

When this bill was heard in a prior session, we recall that advocates justified expansion of the credit because of stricter federal Labor Department rules. We can see that a purpose of the existing credit is to meet OSHA standards. But farmers who provide substandard housing are violating the law. Last week the federal Labor Department found squalid conditions at a Silverton farm and issued a \$35,000 fine. This is difficult policy problem, but we find it distressing that the legislature would increase subsidies rather than enforcement.

The current construction credit costs \$3.3 million per biennium, according to the Oregon Tax Expenditure Report. LRO’s estimate of the expanded credit is \$4.1 million – part of, by our count, \$500 million in Oregon agriculture subsidies.

Across the state, waiting lists for low-income housing are long. We have school children sleeping in cars. Considering other demands on taxpayers, we look forward to a more rigorous justification for the expansion of the farm housing subsidy.

We read the bills and follow the money