



OREGON
ASSOCIATION OF
NURSERIES

**Testimony before House Committee on Business and Labor
Relating to Paid Family Medical Leave, House Bill 3031**

By Jeff Stone, Executive Director, Oregon Association of Nurseries
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Chair Barker, Vice-Chairs Bynum and Barreto, members of the committee, my name is Jeff Stone and I serve as the Executive Director of the Oregon Association of Nurseries. Thank you for the opportunity to provide comments on the issue of paid family medical leave.

Oregon's nursery and greenhouse industry is family friendly and works hard to compete on a national level with states with significantly lower production costs. Our comments should not be construed as the association voicing opposition to the values that proponents of HB 3031 want Oregon to secure. Rather, HB 3031 places businesses like nurseries at a competitive disadvantage on global scale by placing additional costs that other states do not impose on their employers. The OAN would be much more comfortable with a national standard for improved worker benefits, but Oregon going it alone skews the economy against traded sector businesses.

The Economic Footprint of the Nursery and Greenhouse Industry

The nursery and greenhouse industry is the state's largest agricultural sector, and the industry ranks third in the nation, with over \$948 million in sales annually to customers in Oregon, the rest of the United States, and abroad. In fact, nearly 75% of the nursery stock grown in our state leaves our borders – with over half reaching markets east of the Mississippi River. The nursery industry employs over 22,000 full time workers with an annual payroll over \$327 million. We send ecologically friendly green products out of the state and bring traded sector dollars back to Oregon.

Nursery association members represent wholesale plant growers, Christmas tree growers, retailers, and greenhouse operators. Our members are located throughout the state, with our largest nursery growing operations found in Clackamas, Marion, Washington, Yamhill and Multnomah Counties.

Issues of portability and equivalency remain

In agriculture, operations are typically price takers, not price makers. High quality producers find it difficult to pass on additional labor costs to consumers. Over the past several years the state has imposed increases in minimum wage, paid sick leave and other employer mandates which have a cumulative impact on operations.

The nursery, retail and greenhouse industry is not monolithic and operators have developed benefit packages that fit their business model. The OAN encourages our members to incorporate what is best for the operation, its employees and market conditions they operate in. However, mandating a 32-week state run program, with flawed portability and funding structures that impact an operation's ability to compete on a national and international scale is problematic.

Portability: HB 3031 requires employers to pay 50% of the paid family medical leave when most states enact employee-paid benefits. If an employee leaves an agricultural operation, the investment in the employee is lost. Since this bill would expand the employee threshold under the Oregon Family Leave Act (OFLA) from 25 to a single employee, the portability issue becomes significant.

Equivalency: OAN would urge the legislature to clearly state that paid family medical leave policies that offer an equivalent amount of paid family medical leave will satisfy the employer's obligations. Many Oregon employers, including many OAN Members, have adopted or transitioned to PTO policies that allow a bank of time for the employees to use for a variety of purposes and personal absences that come up. Employees often favor such policies because they can use the time how they see fit and require much less disclosure of potentially personal and private information. Employers likewise find PTO policies easier to administer.

Administrative burden on small business: HB 3031 establishes new payroll tax of up to 1% to pay for the family-leave insurance, but leaves the percentage and share up to DCBS to determine. That will create uncertainty for employers and employees alike. Additional administrative requirements that are prescriptive on how an employer attempts to cover the role and responsibilities of the employee overreaches and is completely unnecessary.

Protection from benefit abuse: It seems implied, but OAN would like to see a statement incorporated into the bill that makes it clear that abuse of leave provided by this policy or falsification may be a basis for discipline up to and including termination. Alternatively, adding some affirmative obligation of "good faith" to the retaliation protections will help to mitigate against an employer being forced to defend a retaliation claim where they terminated an employee for falsifying documentation or misusing paid family medical leave.

One size fits all approach should be reconsidered

HB 3031 creates state-run family insurance program administered by a state agency. We remain concerned that the bill, as drafted, offers no exemptions or accommodations for small business. In addition to the issues of portability and the lack of flexibility for establishing equivalency – this bill ignores the challenges that traded sector industries face to remain competitive on a national and international scale.

Thank you for your time and attention.