

## ANALYSIS

### Item 94: Business Development Department Agriculture Overtime Financial Assistance

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**Analyst:** Matt Stayner

**Request:** Allocate \$10 million General Fund to the Oregon Business Development Department from the special purpose appropriation made to the Emergency Board for a program providing financial assistance to employers to mitigate the costs associated with compliance with overtime compensation requirements.

**Analysis:** HB 4002 (2022) establishes maximum hour and overtime wage requirements for Oregon agricultural workers and a refundable tax credit against personal and corporate income taxes to offset a percentage of the additional cost of overtime wages paid by a crop or animal production business. The measure also requires the Oregon Department of Agriculture (ODA) and Oregon Business Development Department (OBDD) to make recommendations for legislation to a regular or interim committee of the Legislative Assembly related to agriculture by September 30, 2022 regarding the establishment of a grant, loan or lending program to which \$10 million will be allocated for providing financial assistance to employers to mitigate the costs of compliance with the overtime compensation requirements.

A \$10 million special purpose appropriation (SPA) to the Emergency Board was approved in HB 5202 (2022) to fund the establishment of the financial assistance program. Consistent with the statutory language establishing other SPAs for the 2021-23 biennium, the SPA amount is available to the Emergency Board for any lawful use (including the original purpose) if not allocated by December 1, 2022. OBDD is requesting allocation of the \$10 million special purpose appropriation to ensure the availability of the funding for the specified purpose in the current biennium. However, OBDD would not distribute funding prior to the establishment of the financial assistance program.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board allocate \$10,000,000 General Fund to the Oregon Business Development Department from the special purpose appropriation made to the Emergency Board for a program providing financial assistance to employers to mitigate the costs associated with compliance with overtime compensation requirements, with the understanding that the Department of Administrative Services will unschedule that amount pending the establishment of the program by the Legislature.



September 13, 2022

Senator Peter Courtney, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Joint Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs:

### **Nature of the Request**

The Oregon Business Development Department (Department) respectfully requests the Emergency Board allocate to the Department the \$10 million General Fund special purpose appropriation established for Financial Assistance to Employers to Mitigate HB 4002 (2022).

### **Agency Action**

With HB 4002 the 2022 Legislature created the Agriculture Overtime Program and accompanying tax credit. To bridge the gap between program implementation and the tax credit, HB 4002 Sec. 6c states: *No later than September 30, 2022, the State Department of Agriculture and the Oregon Business Development Department shall make recommendations for legislation to a regular or interim committee of the Legislative Assembly related to agriculture regarding available options for establishing a grant program, loan program or lending program to which \$10 million will be allocated for the purpose of providing financial assistance to employers to mitigate the costs associated with compliance with the overtime compensation requirements under section 2 of this 2022 Act.*

If the special purpose appropriation is allocated, the Department will hold the funds pending future program development referenced in Sec. 6c.

### **Action Requested**

The Department requests allocation of the \$10 million General Fund special purpose appropriation.

### **Legislation Affected**

Chapter 560, Section 1(2), Oregon Laws 2021 - \$10 million

Sincerely,

Chris Cummings  
Deputy Director