



Testimony on HB 2358
Submitted by Oregon Winegrowers Association
House Business & Labor Committee
March 8, 2021

Chair Holvey, and members of the committee, the Oregon Winegrowers Association wishes to share some wine industry perspective and concern for legislation requiring overtime payments to agriculture workers, including viticultural laborers.

To begin, we have deep respect and admiration for all those who work in our vineyards. Our crews are such an important part of our Oregon wine story. Vineyard workers meticulously tend to our vines throughout the year. Vineyard work is primarily focused on the details, leading to multiple touches by hand throughout the season that ensure our grapes lead to the highest wine quality. Our crews pick these delicate wine grapes quickly, and methodically to get them to our wineries for timely processing.

Oregon is world renowned for our wines. This is largely due to the care our vineyards receive throughout the year. A globally recognized wine cannot be made without the highest possible quality of wine grapes to go into it. Oregon vineyard workers are highly skilled, tireless in their craft, and many have been in our employ for years and even decades.

Standard in our industry is to pay vineyard workers “hourly” rates throughout the season. During harvest we will pay “piece rate” to ensure timely harvesting, and the advantage to our crews of tonnage pay. Our vineyard workers support this arrangement. This allows them to maximize their overall compensation, while ensuring timely delivery of perishable grapes to our wineries.

Agricultural labor is very unique, which is why it always has been treated differently in wage and hour laws. No other industry has a piece rate system that recognizes the perishable nature of agricultural products and the need for them to be harvested quickly, by skilled laborers. And winegrowing is among the most labor intensive of agricultural endeavors.

We have seen significant labor related changes in our industry over time, along with much of agriculture. There are fewer and fewer people who are able to work in our vineyards. A constant worry is that fewer agricultural workers will have the skill to do this work in the future, which is why any policy proposal that raises costs or creates a disincentive for work in our Oregon vineyards is concerning.

Last year was devastating to Oregon’s wine industry due to COVID and wildfires. The Oregon wine industry, which focuses on premium wines and specialty experiences, has taken a serious hit. Restaurant sales have suffered greatly, visitors have not been able to come to the state to support our wine tourism economy, and for much of the past year our tasting rooms have been closed and unable to serve guests.



A recent Oregon wine industry report found a **one year drop of 20 percent in total economic value** that the industry brings to the state (now reduced to \$5.7 billion from \$6.8 billion). Wine industry jobs fell 28 percent since 2019, with a 23 percent decline in associated wages.

Our industry is hurting; and enacting an agriculture overtime pay law would greatly increase costs for our farmers, create more labor shortages, and would guarantee the exact opposite of the desired goal for this bill – it will mean less hours and less income for our workers.

This is the message we routinely heard when we recently surveyed our members. This bill would lead to reduced hours for vineyard employees, causing employee dissatisfaction as well as a labor crunch. (See page 3 for more survey information).

Increased costs matter for Oregon's wine industry. Oregon already has some of the highest wine prices in the country. It is costly to make premium wines in this state for a variety of reasons, including the cost of labor.

Raising the price of Oregon wine is not a simple solution. There is immense pressure from distributors, retailers and restaurant clients to keep prices stable. The current market dynamics do not support higher wine prices as a solution.

We hope you will consider the ramifications of HB 2358 at a time when the Oregon wine industry is in a fragile place. The provisions in this bill will, if passed, create new costs and exacerbate an already challenging labor market.

Thank you for the opportunity to provide testimony on HB 2358.

About Oregon Winegrowers Association:

For forty years, the OWA has been advocating for Oregon's wine industry at the federal, state and local levels. Our statewide organization has hundreds of members that include wineries, vineyards and other partners supporting our diverse wine industry. Our members are large, small and everything in between, located in all parts of Oregon wine country. OWA is proud to be the leading wine industry voice in Salem for the past four decades.

Many OWA members are proud supporters of "Salud!", the Oregon Pinot Noir Auction that raised more than \$1 million in 2020 to provide healthcare services to vineyard workers and their families, bringing the program's total to \$18.2 million since its founding in 1991. The program serves approximately 2,500 patients each year, providing comprehensive health services through mobile clinics, which operate in vineyards and wineries throughout the growing season.

Key points from OWA member survey

- Winegrowing in Oregon is a very labor-intensive endeavor, with each grapevine touched by a vineyard worker at least 10 times on average during the growing season.
- More than 50% of vineyard workers are employed year-round.
- During peak periods, which includes fall harvest, 50% of vineyard employees work 40-55 hours per week, while 33% work 55-70 hours.
- Peak periods extend throughout the year: 25% of vineyards would be required to pay overtime for 35+ weeks per year, while another 25% would be required to pay overtime for 20-35 weeks per year.
- Only 10% of respondents indicated an ability to absorb the new overtime costs, while 38% are unsure, and 53% cannot.
- Only 5% of growers are confident they can pass along some of the additional cost to wineries purchasing grapes, while 32% are unsure, and 63% expect they will be unable to pass the new costs.
- If overtime pay is required after 40 hours, most respondents will take the following actions:
 - Cap hours at 40 hours per week and try to hire more employees.
 - Seek to mechanize operations where possible.

What members say...

“Winegrape growing is a marginally profitable endeavor to begin with. Adding overtime would make profitability difficult to achieve. I could not offer more than 40 hours/week to any employee so the employees that have been with me for years would make less during our busy times of the year. I believe that having enough labor during the season will become even more difficult than it is now if paying overtime became law.”

“The grower segment of the wine industry is often the most negatively affected by economic challenges in the winemaking chain of command. Grape prices are historically low currently and are not showing signs of increasing anytime soon. Today’s prices per ton are often just enough for a grower to break even. An increase in cost to our operations like that caused by Ag overtime will put many out of business. Especially during the critical effects of COVID-19 on the industry and the devastating wildfire smoke. The legislature thinks that Ag Overtime will help the wages of the agricultural worker, but I see the opposite. Because the costs cannot be sustained with higher commodity costs, growers will switch to more mechanization and make scheduling/shift changes to keep overtime hours reduced. This will only hurt workers who rely on extra hours to make the money they need to support their lives.”