



February 8, 2022

Chair Paul Holvey
House Committee on Business and Labor

Re: Associated Oregon Hazelnut Industries Opposes HB 4002

Thank you for the opportunity to provide written comments regarding House Bill 4002. The Associated Oregon Hazelnut Industries (AOHI) represents more than 800 growers and processors of hazelnuts in Oregon. While Oregon represents nearly 100% of the U.S. hazelnut industry, it represents only 6-8% of the world production, meaning that Oregon growers are competing against those in Turkey and Italy who control the majority of the market. Oregon's hazelnut growers—while renowned globally for their quality product—are price takers in the global marketplace and are already the most expensive hazelnuts in the world due to regulatory expenses and tariffs. HB 4002 will make it that much more difficult for growers to compete.

Agriculture is currently exempted from paying overtime, because, unlike other industries, Oregon's growing season is relatively short, and the weather cannot be controlled. Also, unlike other sectors of Oregon's economy, farmers do not have the ability to pass on the increased costs of labor to customers. Oregon's unpredictable weather creates a scenario where growers are racing against the rain, pests and disease, and other pressures to produce a marketable product. For much of the year, inclement weather limits work hours to well under 40-hours-per-week, and in other weeks, growers must make up those hours to ensure pruning, orchard maintenance, and harvest are completed in the short timeframe allowed by Mother Nature. Many growers also raise other crops, meaning that they are under pressure throughout much of the year to maintain the marketability of their crops.

Even with the proposed transition period, many hazelnut growers don't have the ability to absorb the wages mandated under HB 4002. They cannot command a higher price for nuts sold overseas due to new workplace mandates in Oregon and already struggle under the Oregon's regulatory burden. The economic reality is that many hazelnut growers, like others in agriculture, will be forced to adjust their work schedules, mechanize or identify other efficiencies to control labor costs if overtime pay is mandated at 40-hours.

Growers are not the only stakeholders that will experience economic losses as a consequence of HB 4002; farm employees will also experience a reduction in work hours and smaller paychecks as growers adapt to control unaffordable wages. While some operations may be able to afford overtime (or are small enough so as to avoid it), the vast majority of growers will be forced to cap worker hours and wages as a result of this proposal.



As currently drafted, HB 4002 is not a workable solution. The proposed transition period will simply slow the inevitable dissolution of local farms, and the temporary tax credit will eventually leave growers without resources to continue to employ workers at the hours needed to get the crop to market. Workers will also suffer less take-home pay as the credit phases out. The consequences for workers are not anecdotal but have been borne out in California, as overtime has phased-in for employers with more than 25 employees.¹

Only seven other states have adopted overtime policies, and five of those have tailored the policy to the needs of their agricultural sector, including peak seasonal needs or a higher overtime threshold. The Oregon legislature has the opportunity to do the same and find a workable solution that supports both the workers and growers who depend on the continued viability of the agricultural industry.

Hazelnuts are a marquee crop for Oregon and the US. A decline or loss of this unique commodity, as a result of unrealistic regulatory requirements, would be a travesty. AOHI respectfully urges legislators to work to find a compromise to agricultural overtime this legislative session, one that acknowledges the seasonal needs and economic realities faced by those in agriculture. HB 4002 is not that solution.

Sincerely,

A handwritten signature in blue ink that reads "Colleen Nihen".

Colleen Nihen, Executive Director
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¹ https://www.bakersfield.com/news/farmworkers-growers-dissatisfied-after-overtime-change/article_48675756-7562-11ec-b6a6-7300e290a469.html

