

Madras Farms Co.
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February 24, 2022

Joint Committee On Farm Worker Overtime
Oregon State Legislature
900 Court St. N.E.
Salem, OR 97301

Dear Co-Chair Sen. Taylor, Co-Chair Rep. Holvey and Committee Members:

My name is Tim Kirsch and I farm in Jefferson County, Oregon. My father, Tom Kirsch, my older brother, Mike Kirsch, and I own Madras Farms Co. which was established in 1972. We produce alfalfa, carrot seed, grass seed, hazelnuts and nursery stock on approximately 1,800 acres of irrigated farmland. We employ over 30 dedicated, hardworking employees and many of our employees have been employed with us for 10 years or more. I am writing to share with you my concerns with HB 4002 A which is currently being considered by the Oregon State Legislature Joint Committee On Farm Worker Overtime.

The overtime wages that would be required if HB 4002 A is enacted into law would be devastating to our farming operation. We would not be able to afford the additional payroll costs, which would likely be about \$110,000 per year. Based on historical figures, this increase in payroll costs would completely eliminate our profitability in some years and would significantly lower our profitability in most years. To stay in business, we would be forced to limit the number of hours that our employees work, reduce the number of employees that we can hire, further mechanize our farming operation and grow crops that require less labor to produce. This would eliminate the jobs, livelihoods and way of life for many of our employees and negatively impact our business and personal lives as business owners.

In agriculture, commodity prices are set and dictated by market values and what consumers are willing to pay for the end product. As a result, agricultural producers cannot simply increase the sale price of the commodities they produce to account for increases in labor costs or any other costs. Specifically for our farming business, our profitability in recent years has been reduced by burdensome federal and state labor laws and regulations, the Oregon Corporate Activity Tax and drought. Adding mandatory overtime wages to our costs of doing business will make it even more challenging to remain profitable and most likely will not be sustainable long term as wage rates continue to increase.

By nature, farming and ranching is seasonal which affects the total period when agricultural production can be pursued and the days within a given season when agricultural work can be performed. This is the main reason that the agricultural industry is currently exempt from paying overtime wages under federal law and the main reason that most states currently do not mandate paying overtime wages for agriculture. HB 4002 A proposes an aggressive agricultural overtime wage policy. This is not sensible policy and farms and ranches in Oregon may not be able to recover from the negative impacts of this proposed bill.

The Oregon agricultural economy has a farm specific value of more than \$5 billion and contributes an overall added value of more than \$28 billion to the Oregon economy on an annual basis. This equates to approximately 15% of the Oregon economy and approximately 12% of the jobs in Oregon. In addition, approximately 75% - 80% of the agricultural commodities produced in Oregon are exported and approximately 40% of the agricultural commodities are exported internationally, resulting in new income from outside of our state and country. Most likely, HB 4002 A will jeopardize this vital economic

activity, which will not only negatively affect the Oregon agricultural economy, but the overall Oregon economy as well.

Rural regions, counties and towns in Oregon where agriculture is the main industry and foundation of the local economy will suffer if HB 4002 A becomes law. If farming and ranching becomes minimal or extinct in these places, it will negatively affect the overall economic activity and cause towns and communities to lose population. People who are in industries outside of agriculture in rural communities will be forced to relocate to other areas of the state or country to maintain their way of life. The negative consequences of HB 4002 A will be felt by Oregonians beyond the agricultural community. Especially if they depend on a thriving agricultural economy for their local industry to survive.

The components of HB 4002 A that stipulate the weekly hour threshold when overtime pay is required and the proposed tax credits are not permanent workable solutions. Even though the threshold starts at 55 hours it eventually is permanently set at 40 hours, which will cause an unaffordable wage burden for agriculture employers. Farmers and ranchers are not in favor of the tax credits proposed in this bill because they are not durable and they only reduce the cost of overtime wages for employers in the short term and do not address the long-term unaffordable cost of overtime wages after the tax credits expire. A higher threshold and seasonal exemptions would be better options and a realistic compromise for agriculture employees and employers.

Solutions have been offered to amend HB 4002 A in a way that can keep farms and ranches viable while also addressing the concerns for farm and ranch workers. The agricultural community would rather work with the Oregon Bureau of Labor and Industries to find a feasible solution to overtime for agricultural workers than agree on legislation that will severely impact Oregon agriculture in a negative way. Please do not proceed with passing HB 4002 A as it is currently written.

As a family farming business, we are not in a position to operate at a loss year after year. To stay profitable, we must actively control our costs, including labor, which is one of our largest costs. If HB 4002 A becomes law, in most cases it will result in the loss of employment and reduced hours and wages for farm and ranch workers. My concern is that the consequences of this policy have not been fully considered and that this bill will actually harm the people and families that it intends to help. I strongly urge you to please oppose HB 4002 A during this Oregon state legislative session as this proposed bill will negatively impact Oregon farmers, ranchers and agricultural workers, the Oregon agricultural economy and the Oregon economy overall.

Sincerely,



Timothy W. Kirsch
Vice President