



## HOW TO HELP THE OREGON GRASS SEED INDUSTRY

When you drive down I-5 through Linn County, you will see the iconic sign “*Grass Seed Capital of the World.*” Oregon is the lead cool-season grass seed producer in the world. Unfortunately, while we are proud to be Oregon’s fifth largest commodity with an estimated \$639,100,000 production value in this state, the industry is facing significant threats that make it challenging to keep some operations open.

### WHO WE ARE

The Oregon Seed Council is a trade organization that brings together seed farmers, marketers, brokers, researchers, and others involved in the Oregon seed industry from when the seed is planted to when the seed ultimately makes it to the hands of consumers. Through our membership, the Oregon Seed Council represents approximately 1,300 grass, legume, and specialty seed growers in Oregon. The industry drives employment in many rural areas of the state, employing an estimated 10,000 Oregonians through crop production companies, researchers, equipment dealers, seed technicians, transportation companies, marketing companies, straw presses, and other operations.

### MEMBERSHIP

Our membership includes:

- Oregon Tall Fescue Commission
- Oregon Fine Fescue Commission
- Oregon Ryegrass Commission
- Oregon Clover Commission
- Oregon Seed Growers League
- Oregon Seed Association
- Tee-2-Green
- Oregon Grass Seed Bargaining Association
- Oregon Meadowfoam Growers Association
- Willamette Valley Specialty Seed Association
- Willamette Valley Oilseed Producers Association
- Oregon Straw Export Association
- Oregon Women for Agriculture (Ex-Officio)
- Oregon Department of Agriculture (Ex-Officio)
- Oregon State University (Ex-Officio)

### BACKGROUND

On tight and sometimes negative margins, our incredible industry has faced the crippling impact of a number of state policies and our members fear the threat of new legislation that will break their businesses.

The Oregon Seed Council has been asked - “*what policy and regulatory changes can the Legislature make to help the grass seed industry?*” While this is not an exhaustive list, the list



below includes several policies that have put a heavy burden on the Oregon seed industry and on agriculture broadly. The list also highlights policy proposals in the hopper that could break Oregon seed producers. And while language directed at “breaking industry” is ubiquitous in a regulatory environment and can be perceived as theatrical, it has become clear that our industry is facing unique challenges where we do not have options or resources to help our producers survive economic downturn.

**As a reminder, federal and state employment laws apply to all businesses, and on top of that Oregon’s agricultural industry has another set of layers of policy and regulation to navigate. At the same time, one unique factor in agricultural production is that producers are price takers, and cannot push the cost of production down the line, leaving them operating on thin-to-sometimes-negative margins.**

In addition to being an economic driver for our local communities, the seed industry provides many critical environmental benefits. Oregon seed is regenerative, has major, positive impacts on soil health, water quality, and erosion control, and importantly, is a great tool for carbon sequestration and cooling.

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## TOP FIVE THINGS THE LEGISLATURE CAN DO FOR THE OREGON SEED INDUSTRY

- **REJECT THE AG WORKFORCE LABOR STANDARDS BILLS** - Two Agriculture Workforce Standard Board bills have been introduced this session: HB 2544 and HB 2548.

Oregon’s seed industry is already grappling with the aftermath of the recent agricultural overtime law, HB 4002 (2022). The workforce standard bills propose a sweeping, one-size-fits-all mandate that could force many family farms and ranches out of business. The bills disregard the significant protections already in place for farmworkers and threaten to fast-track new, burdensome regulations that could cripple Oregon’s agricultural industry.

Our concerns about these bills include:

- The elimination of the relationship between employers and workers.
- They threaten the survival of family farms and ranches and accelerate job loss.
- They are duplicative of existing worker protections.

The concepts put Oregon’s farm and ranch families in an untenable position:

- **Shift in Burden of Proof:** The proposals would require employers to prove the reasonableness of a termination, shifting the burden to them. Family farms and ranches would be vulnerable to costly litigation, as they would need to defend against employment claims, even in situations involving market conditions, poor yields, or weather events.



- **Increased Litigation Costs:** Family farms already face enormous financial strain. It costs around \$75,000 just to settle a claim before it reaches court. Adding legal risks will only increase financial pressure, especially for small, family-run operations.
- **Economic Hardships:** Many Oregon farms are already struggling with poor yields and low commodity prices. Most will spend the next several years recovering from cash losses incurred in 2023 and 2024. This proposal adds another layer of uncertainty that could force family farms into financial ruin.
- **Impediments to Staffing Flexibility:** The proposals limit necessary flexibility for staffing and termination decisions, making it harder for employers to navigate the unpredictability of farming. These restrictions could lead to difficulty in hiring and maintaining a workforce.

The bills threaten the livelihood of family farms and ranches by imposing unnecessary legal burdens. It increases costs and limits the flexibility needed to manage agricultural businesses. At a time when family farms are struggling to stay afloat, the Legislature should reject this punitive concept.

- **REJECT THE AG EMPLOYER MANDATE BILL - HB 2545** - This bill singles out agricultural work in an at-will state and would not allow for termination except for cause. The liability that is extended to agricultural producers in this bill is significantly problematic.
- **REPEAL OR FIX AG OVERTIME - HB 4002**, Ag Overtime, passed in the 2022 Legislative Session. From its implementation in 2023 to 2027, agricultural employers are required to pay overtime to agricultural workers for each hour worked over 55 hours, and ratcheting down to each hour worked over 40 hours per workweek by 2027.

Due to the economic burden of this policy, and significant financial challenges on Oregon's food, fiber, and commodity system, as price takers, especially in a challenging market, agricultural workers have already begun to see their hours cut and take home pay reduced due to this policy.

What does this mean? Loss of employees, loss of production, and loss of economic benefit for Oregon's vulnerable populations.

Repeal or a freeze at the current 48 hours with a 12-week peak production exception would help agricultural producers and provide certainty in an uncertain environment.

- **EXCLUDE AGRICULTURE FROM THE CORPORATE ACTIVITIES TAX** - The 2019 Legislature created the Corporate Activity Tax (CAT) as a means of establishing an additional, dedicated funding source for K-12 education. Revenues are dedicated to the Fund for Student Success and are separate from the state's General Fund. The tax took effect on January 1, 2020.



Each business is allowed a deduction equal to 35 percent of the greater of their Cost-of-Goods-Sold (COGS) or their employee labor costs. The COGS amount is taken from calculations made for federal income tax purposes. Labor costs is employee compensation, up to \$500,000 per employee.

As price takers, the CAT is particularly punitive to agricultural operations. The tax is stacked on production at every step in the process. An agricultural exemption from the CAT would help producers remain competitive.

- **ESTATE TAX** - Oregon has one of the lowest estate tax thresholds in the United States at \$1 million. 2023 Legislation, SB 498, increased the threshold of its farm and forest deduction to \$15 million. However, equipment, land, and other assets can make it challenging for farms to change hands from one generation to the next, with the average age of farmers now around 60.

An increased deduction in the estate tax for farms and forests and increasing the threshold to match federal thresholds will help address this challenge in succession planning.

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## ADDITIONAL AREAS OF SUPPORT

- **VISIT A SEED FARM** - We want to make sure that you have all the resources you need to understand the Oregon seed industry. We have wonderful members who are willing to show you what production looks like across the state. Every farm operates differently, and we would strongly encourage visiting more than one of our members at their operations. We will be hosting a tour later this year, and would welcome all legislators to join us and learn about the innovative work our members are doing and get to know the industry.
- **SUPPORT AND RECOGNITION OF ENVIRONMENTAL BENEFITS BY INDUSTRY** - Willamette Valley seed farmers store more carbon in their soils than the U.S. average, a significant benefit to the environment and an exceptional thing we can celebrate in Oregon.

Many of our producers participate in no-till practices. This is an agricultural technique that avoids disturbing the soil through tillage. It can help with climate change, soil health, and crop performance. It prevents erosion and reduces fuel load.

Our members are stewards of the land and their innovative contributions to environmental stewardship are not often recognized and seem to be disregarded by the Legislature. Consider policy that recognizes and incentivizes this contribution. Often what is being done is not considered in policy and regulatory action.

Whether producers use no-till practices or not, Willamette Valley farms are keeping more carbon in place than those being paid to do so in other regions of the U.S.



- **SUPPORT HB 2166 - THE AG COMPETITIVENESS STUDY** - This important study will help put pen to paper on some of the significant challenges Oregon agriculture faces, encompassing the needs of more than 220 unique commodities. We have faced mounting pressures of economic consequence, including drought, severe weather events, labor shortages, inflation, public health-related supply chain disruptions, and increased labor costs and taxes due to the broad impacts of regulations and legislation. We strongly support a robust and comprehensive analysis of Oregon's agricultural sector.
- **SUPPORT JAPANESE BEETLE ERADICATION FUNDING - SB 576** - Created in 2016, the Japanese Beetle Eradication project supported the work of the Oregon Department of Agriculture (ODA) to do the identification of the invasive pest, the Japanese Beetle, in Washington County. Program staff have identified the work as incomplete and have noted a need of four-to-five years to complete the work.

While there is no current issue with infestation in grass seed, there is concern of the pest causing significant damage if established in the state, including on the export market.

This pest has a broad host range and damage potential. The quarantine status and eradication programs for this pest are critical for keeping this beetle from establishing in Oregon.

**Lifecycle information and feeding nature of this pest:** There is only one generation per year. Grubs can feed on the roots for extended periods during fall and mild winter months. Grubs live in the soil and feed on grass roots. Pastures, natural grassy areas, golf courses, and lawns are particularly vulnerable. Grub feeding can result in severe root pruning that limits the plant's ability to acquire water and survive in drought-stress situations, often resulting in large dead patches of grass. Adults appear in summer and are strong flyers. According to the extension publication by entomologists at OSU [EM9158](#), *"If they become widespread and established in Oregon, gardeners or others should notice the appearance of adult JB's during the summer months."*

A proactive watch for this pest will help ODA's broader efforts to keep it out of our production systems.

- **SUPPORT OUR LAND GRANT UNIVERSITY** - Traditionally, the state has supported strong investment in our university systems, however, after cuts from the last recession, costs have not been recouped in all program areas. This year, in OSU's budget requests there will be an additional funding level to support Oregon's grass seed, wheat, and hazelnut industries that bring those funding levels up to the 1999 budget. Please support investments into this critical program.



- **FIX PESTICIDE FEE DISTRIBUTION** - The Oregon Seed Council and its members appreciate its partnership with the ODA. This agency leads with a customer-service sentiment. Unfortunately, ODA has significant budgetary pressures due to demand and workload. Currently, the Legislature is considering a fee increase for ODA pesticide registrations, via HB 2803.

Importantly, Oregon ranks among the top five states for pesticide registration fee levels, and that includes states like California, which has a significantly larger market for registrations and larger budgets for programs. If fees continue to increase in Oregon, some products may simply not be registered for use on specialty crops such as grass seed.

Unfortunately, for several sessions, the Legislature has decided to fund a variety of new and existing programs with pesticide registration fee dollars. These programs include the Pesticide Stewardship Partnership (PSP) Program, the Pesticide Analytical and Response Center (PARC), the Pesticide Safety Education Program (PSEP) at Oregon State University, and the Oregon Bee Project led by Oregon State University, among others. Some of these programs, such as PARC, began with split fee and state General Fund resources based on specific negotiated agreements made with multi-stakeholder groups, only to be moved off General Fund resources in later sessions without mutual agreement.

As an example, we have ongoing major concerns with the Pesticide Stewardship Partnership, which receives over \$900,000 per biennium, a significant amount, from these fee dollars. Rather than continuing to increase fees on registrants, we would like to see a meaningful discussion about the current programs funded with these fee dollars.

- **OREGON AGRICULTURAL HERITAGE PROGRAM** - Oregon has an opportunity to bring federal dollars from the Inflation Reduction Act to the state, at a 2:1 match rate for state funds. There are currently 20 identified projects in the hopper at OWEB. While 27 other states have been able to bring in federal funding for similar programs, Oregon has not been able to secure federal funds to date - largely due to the lack of state match. Without state investment, we will leave funding that is already set aside for this type of project on the table.

Nothing in the policy requires anyone to utilize the program, rather, it provides a tool for navigating the process of succession planning.

This program was created as a collaborative effort between agricultural organizations (including Oregon Farm Bureau) and environmental groups to navigate the challenge of succession and conservation planning. The funding for this important program is in HB 3131.



- **REJECT PFAS MEASURES TARGETED AT AGRICULTURE** - There are a number of bills that address PFAS this Legislative Session, including one that seeks to study agricultural crops - but does not assess the source point. The seed industry understands the concerns related to PFAS but we are concerned that the current bills are not reflective of the appropriate areas of study for the investment levels they propose.
- **REVERSE THE CLIMATE PROTECTION PROGRAM** - We are concerned that this program does not take into consideration the unique nature of Oregon's agricultural communities, and their economic roles. Oregon is the number one cool season grass seed producer in the world, but this policy places unsurmountable costs on already cost burdened producers.

Oregon agricultural producers are price takers not price makers. Agricultural production is a low-to-sometimes-negative margin business as producers pay retail prices for seed, fertilizer, pest and disease reduction strategies, machinery, and fuels.

While the rules are heavily focused on fuel and energy producers, this program would have a substantial impact on Oregon consumers, businesses, including the seed industry and agriculture as a whole.

The design of this program will result in steep increases in energy costs for Oregonians as utilities and fuel suppliers will need to buy "compliance instruments," and ultimately will pass the costs on to consumers.

Any increase to the cost of inputs in production compounds the economic struggles of Oregon's farmers, ranchers, and rural communities, as the costs cannot be passed on to consumers.

The funds produced from this mandate will generate billions of dollars in fees that will be distributed to third-parties, with little to no government accountability or oversight.

Further, the general premise of the program will push production to other places, costing Oregon jobs and failing to meet any stated global carbon reduction goals.

- **WATER POLICY** - Agricultural irrigation allows a producer to grow a wider variety of crops and higher production, providing environmental/climate resiliency and economic impacts. Please support prioritization of water for agricultural use and access to water resources, including through development opportunities and streamlining of permitting processes with agencies.





- **REASSESS UNINTENDED CONSEQUENCES OF UPDATED REGULATIONS FOR PUBLIC BODIES** - Recent changes to the government ethics laws are well-intentioned, but we are concerned that some of the policies may have adverse consequences for commodity commissions. OSC is hearing from our members that meetings are getting more complicated and that members may not be able to attend industry events or meetings if other commissioners are in the room - precluding full representation of industry perspective. Generally, the new law creates a one-size-fits all approach that does not work for all public bodies. The new law does not factor in limited staff resources, the impact of unfunded mandates, and provides no consideration for the tremendous diversity of what are all deemed “state agencies” under the new regulations.

- **SUPPORT BILINGUAL PESTICIDE TRAINING HB 3010** - HB 3010 allocates \$744,124 per biennium in state General Fund dollars for two full-time equivalent employees to Oregon State University’s (OSU) Pesticide Safety and Education Program (PSEP) to implement a statewide program of Spanish language, culturally appropriate, pesticide education.

There are a significant number of Spanish-speaking workers in Oregon’s agricultural workforce, but there is currently a lack of state-led Spanish-language pesticide safety educational resources for in-person, culturally appropriate education. Development of such resources is crucial for protecting agricultural worker health and safety, maintaining regulatory compliance, and supporting the state’s agricultural economy and environment.

Oregon Seed Council supports allocation of funds to OSU PSEP to deliver in-person, culturally appropriate Spanish-language pesticide education training. This critical investment will enhance worker safety, equity, protect the environment, and ensure regulatory compliance statewide.

- **CONSIDER IMPACT TO AGRICULTURE IN TRANSPORTATION POLICY AND TAX PROPOSALS** - Bills that create punitive costs for agriculture, such as the tire tax proposal (HB 3362), have a significant impact on producers. Transporting commodities to market, transporting equipment, and managing crops all come with a fiscal impact for our producers. On slim-to-sometimes-negative margins, our members cannot withstand additional cost burdens.
- **SUPPORT FUNDING FOR THE PORT OF PORTLAND** - Terminal 6 (T6) is critical for trade. We need it, and we need your help.

T6 is Oregon’s only international container terminal, and container services are crucial for the agriculture sector to efficiently ship products to global markets. T6 has been a vital node in our export chain, especially for specialty crops and other agricultural goods.

Without marine container services in Oregon, producers would be forced to rely entirely on trucking cargo to ports in other states, resulting in major increases in the costs of doing business and the logistical challenges faced by our farmers and producers.

According to Port of Portland, in 2023, 1,108 containers of grass seed were exported





last year, which equates to 25,729 metric tons of grass seed. Of that, 457 containers moved through the Port of Portland, or 41 percent of the export market.

In 2022, Oregon was the country's 24<sup>th</sup> largest agricultural exporting state.

The Port has seen significant financial impact in running container operations. The Port is actively working to find a long-term, financially sustainable solution to maintain container services with a third party operator, but time is needed to complete this work.

A one-time allocation to support container services will provide stability for Oregon exporters and importers during this process, while also protecting \$20 million in state and local tax revenue and 1,500+ jobs.

- **PASS THE CLEAN TRUCKS HB 3119** - Oregon's Advanced Clean Truck (ACT) rules went into effect and will begin to phase out diesel-powered semi-trucks, RVs, tow trucks, heavy-duty pickup trucks like F-250s and 350s, box trucks, and more.

But with President Trump's executive order promising to rescind electric vehicle mandates, the future remains uncertain, causing chaos and confusion among Oregonians, Oregon businesses, and the agricultural community.

Our industry needs certainty. The cost of production, doing business, and of having a sustainable life in Oregon is changing.

The Oregon ACT rules will cause the cost of living to skyrocket for Oregonians.

HB 3119 repeals the rules with the understanding that the ACT rules are not economically feasible, and the existing infrastructure and supply chain is not ready for this policy.

- **REJECT SB 747** - The Oregon Seed Council strongly opposes Senate Bill 747, which would require every landowner in the state with more than 200 acres of irrigated agricultural land to register and annually report fertilizer use, with a goal of having the Oregon Department of Agriculture "identify persons who are overapplying fertilizer" and impose civil penalties for violation.

The bill was crafted without intimate knowledge of the agriculture industry. There is no universal or standardized guidance on fertilizer application. This bill does not recognize that fertilizer rates, needs, and applications will vary year-to-year, by soil-type, and are dependent upon the crop being grown.

Requiring producers to report raw fertilizer use data disregards the complexity of applications, creating an inherently false narrative implying that there is a one-size-fits all approach to fertilizer application. Or worse, it implies that the agricultural community, who are the stewards of our land, would apply inputs to their land haphazardly. This could not be further from the truth.



Our members work closely with Oregon State University (OSU), the United States Department of Agriculture, agronomists, crop consultants, and other experts on research, for trials on crops, and on a number of agronomic needs, including the application of fertilizer.

In fact, Oregon commodity commissions invest a significant amount of their revenues to support OSU to advance research to help the industry be more efficient, effective, and support a healthy environment.

Each year, in collaboration with the Oregon research community, growers review research, attend continuing education events, seminars, and more to ensure their use patterns are appropriate for their needs.

In addition, fertilizer inputs are expensive, and our farmers are producing products for food and fiber on tight - to - negative margins. There is no incentive for growers to overapply inputs, and as stewards of the land, they work diligently to ensure the health and viability of their crops, soils, water quality, and the overall health of the environment. Their land is their livelihood.

Finally, the Oregon Seed Council and our members are disappointed to see that this measure was drafted without consultation of the industry it proposes to regulate. We would welcome conversations to help connect bill sponsors to agricultural practices.

## **OTHER AREAS OF SUPPORT FOR OREGON AGRICULTURE**

- **REPEAL OF AG LABOR HOUSING REQUIREMENTS**



## THANK YOU

We are proud to be the lead in cool-season grass seed production in the world. This means something to our state, to our producers, to all involved in the industry, and to athletes, recreationalists, and families near and far.

The exceptional people in our industry, and our world renowned seed provide numerous benefits. The seed industry keeps jobs in our state, bolsters our economy, and our exemplary seed provides health benefits to athletes and recreationists that use natural turf as well as environmental benefits including cooling, preventing soil erosion and supporting overall soil health, supporting clean water through filtration properties, and carbon sequestration.

Thank you for your consideration of our industry concerns and how you can help bolster this important industry in the 2025 Legislative Session.

A handwritten signature in black ink that reads "Megan Chuinard".

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