

HB 2548 Testimony  
3/12/25

## **Oregon Family Farms Verses Farmland Investors**

Chair Grayber, and Members of the Committee,

My name is Adam McCarthy from Hood River County and I serve on the board of the Columbia Gorge fruit growers.

During last night's hearing on HB 2548 I was in cue to testify and listened to the hearing until 6:00PM. I was not able to testify. I appreciate the questions and dialogue that took place between the committee members and those who testified.

There were questions last night around the definition of a family farm, so I want to take a stab at that.

**Oregon's family farms** are typically where the operator or the person who makes the day-to-day decisions relating to farm operations and the business is an owner of farmland or family member of the owner of farmland. Often these are multi-generation family farm businesses but could also be first generation farmers.

What's the alternative to family farms in Oregon? Institutional or private investors who buy Oregon farmland for investment purposes.

**Institutional investors** could be investment banks, hedge funds, insurance companies, managers of public retirement investments, etc. Often, they have a requirement to invest a certain percentage of their total portfolio into agriculture.

**Private investors** are usually wealthy individuals who also want to invest in an agricultural property to: (1) have a tax offset for their nonfarm earnings, (2) earn a return on the appreciation of the land, (3) have a second home in Oregon's rural landscape, (4) enjoy the romantic idea of being a farmer or rancher.

Both institutional and private investors lease out the farmland or custom hire someone to do the daily farming activities. Usually these are leased to or managed by a family farm operator.

In general, institutional and private investors prioritize profits. They have little or no connection to those working the land and have not invested sweat equity into the dirt.

Over the last 10 years in Hood River County approximately 5% of the agricultural land base has been sold by family farmers going out of business to private investors; most often those who have been financially successful in other careers in the Portland or Seattle areas and want to own a farm and home in the Hood River Valley. The common practice of this group of investors is to reduce

the availability of farmworker housing on the farmland they invested in and convert these dwellings to rental units at market rental prices in order to improve farm profitability.

Family Farmers and Ranchers in Oregon typically prioritize sustainability: (1) taking care of their employees and those in their rural communities, (2) improving the productivity of the land, (3) profits. You don't maintain a farm or ranch with business continuity for 50 or 100 years without taking care of your staff, community, land, and earn some profit.

For nearly 50 years our family has built a diverse farming operation in the Hood River Valley. My parents started farming in 1980, my brother, sister, and I grew up on the farm. From a young age we were outside working, helping wherever needed; helping my mom take hot chocolate to our picking crew on cold October mornings, caring for crops and livestock. Our summers were spent working alongside our farm employees moving irrigation, thinning pears, painting farm buildings, picking fruit, stacking hay bales, operating equipment, and many other farm tasks.

My siblings and I all attended land grant universities outside of Oregon to pursue advanced degrees in agriculture. The three of us gained valuable experience in agricultural careers before returning to Oregon. My sister is now the staff Veterinarian for Tillamook cheese, my brother works as a lender for an institutional investor, lending money to Oregon farmers and ranchers, and I manage our family farm. The three of us serve on boards, coach youth sports, volunteer in our local schools, and give back to our rural Oregon communities to make them a better place.

The story of our Oregon farm family is not unique. Many of my friends and neighbors have a similar story to tell. One where you grow up learning how to take care of your employees, the land, and your community. Leave to see the world, gain experience, and perspective and then return to pay it forward to the land and the community. That's the value family farmers and ranchers bring to Oregon. What happens to rural Oregon 25 years down the road if this model significantly erodes?

Over the past five years I have invested heavily in setting up our business to be able to provide management and labor to outside investors, and profit from these activities. Personally, I stand to financially benefit from more investor-owned agricultural land.

However, that's not what I want to see happening to Oregon's farm and ranch land. I would much rather operate where the prices I receive for pears and apples are high enough to cover the costs I incurred to grow them, with a enough left over to know I can be in business again next year. A model where Oregon family farms cannot only remain in business, but thrive is the best model for Oregon's farmworkers, and the health of Oregon's farmland and rural communities. Not one of consolidated farmland owned by investors, who have little or no connection to the community or those doing the work with the sole function being one of economic profit.

Over the past 10 years labor costs on our farm have doubled. A recent and robust study out of Washington found that in 2023, 99% of the dollars apple growers (similar cost structure to pears)

received after packing and selling their crop went to cover their labor costs. Labor is about 70% of our overall expenses, so that leaves 29% of our expenses without enough money coming in the door to cover them! At the same time the prices we receive for pears, apples, and cherries are at or below 2012 levels. How much has the price of an iPhone increased since 2012? 400%! And those are produced with less expensive offshore labor.

Oregon cannot have cheap food (relative to avg. household income), high wages for farm workers, and family farms. **Oregon's family farms are going out of business.** I absolutely want my staff to have higher wages and better benefits, it's hard demanding work.

With taxes, benefits costs, and housing as a benefit of employment the average hourly cost to my business is approximately \$30.00/hour. This number doesn't work with our current prices. Adding increased costs to our labor by passing HB2548 is only going to make the math worse.

I'm not going to eat up 50 years of blood, sweat, and tears equity my family has in our land base, and file for bankruptcy like some other growers in the area to subsidize low-cost food for all Oregonians or higher wages for farm workers. I will remove the trees, let go of my staff and switch to a mechanized crop or sell the farmland and pursue another career path.

Higher wages for Oregon's farm workers is a great idea. To make it happen let's tax food for all Oregonians and pay a direct payment to farm workers. Instead, this bill puts the burden of addressing an issue which will benefit ALL Oregonian's on the backs of less than 1% of Oregon's population.

Our farm operation is entirely reliant on hand labor; from harvesting cherries to assembling wreaths – everything we do requires labor. Production of fresh pears, apples, and cherries requires trees to be trimmed and trained, the crop thinned, fruit harvested and packed all by hand.

Caring for and harvesting fresh fruit crops on time without damage takes a skilled and dedicated team. Without question our employees are the foundation of our business. I have spent the majority of my life building friendships with my staff, investing in them, and supporting them and their families at work and in our community.

As a team we celebrate accomplishments and as a team we overcome the challenges that frost, snow, heat, wind and hail events bring. There are no lights, no roof, no thermostat, and no on/off switch for our production systems. Growing degree days is the only calendar fruit trees care to respect.

Thousands of hours of hard work, thousand of dollars of inputs, and six months of the best laid plans, can all be erased by a 15-minute hailstorm. Growers have to adapt on the fly. How many of you asked your staff to start at a different time last Monday? We needed to adjust because it was still dark at 7:00AM, after we “sprang forward.”

Undoing at-will-employment will limit our flexibility as agricultural employers to adjust staffing and compensation based on changes in crop yields and quality. This will be disastrous for both employers and employees. It will be more likely that crops impacted by weather events will be wasted and go unharvested because employers will not have the flexibility to adjust wages to work through the challenged crop. At the same time employees could be unhappy because they are locked into a predetermined wage program that does not account for a change in crop volume or quality that occurred since the end of the shift the previous day.

The safety of Oregon's agricultural workforce housing is regulated under Oregon OSHA division 4. These rules also apply to foreign guest workers filling seasonal jobs on an H-2A visa, requiring all housing to be registered annually, and subject to random compliance inspections. Employer provided housing regulations are not equal for other industries in Oregon. Ski areas, the recreation industry, (even for similar seasonal workers on an H-2B visa), or universities who provide housing to students as a benefit of employment face a much lower regulatory bar when it comes to employer provided housing.

To transport agricultural workers my staff must receive a physical examination every two years, which must be signed off by an M.D. Other DOT required physicals such as for a bus driver transporting Oregon public school children can be, and usually are signed by a P.A.

Does Oregon's Agricultural Industry need to be held to arbitrary, and unreasonable standards which are above those in construction, hospitality, recreation, food service, or any other industry in the state? No, it does not! This is about politics. Adding "AG" in front of "workforce standards board" reduces the impact to fewer than 1% of businesses in the state. An easy target with little to no political risk.

I have a great dialogue with my staff. What's most important to my staff is the ability of their children to reach their dreams. Hood River County Schools are facing a \$4m budget shortfall in the next biennium, with current proposed cuts of 40 district staff. How do English as a Second Language (ESL) students, starting from behind in Oregon's public education system have a chance to catch up? As leaders of Oregon if you really want to have a big positive impact on the lives of Oregon's farm workers, focus your time and energy to properly fund education for their children instead of putting their employers out of business and using up more state resources.

I oppose House Bill 2548.

Thank you.

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