



HOUSE OF REPRESENTATIVES

February 28, 2023

Timothy G. Sekerak  
Chief Clerk of the House  
State Capitol Building  
Salem, OR 97301

RE: Vote Explanation – HB 2058 <sup>SC</sup> A

Chief Clerk Sekerak,

Almost one year ago, on March 1<sup>st</sup>, I stood in this chamber and spoke about the harm that Ag Overtime would bring to the entire agriculture industry, and specifically how it would affect farms of all sizes across the state.

In 2022, multiple amendments were proposed to help all farmers and all farm workers, but they were ignored. The only thing offered as a solution in HB 2004 was contained in SECTION 6c. It said:

*“No later than September 30, 2022, the State Department of Agriculture and the Oregon Business Development Department shall make recommendations for legislation to a regular or interim committee of the Legislative Assembly related to agriculture regarding available options for establishing a grant program, loan program or lending program to which \$10 million will be allocated for the purpose of providing financial assistance to employers to mitigate the costs associated with compliance with the overtime compensation requirements.”*

Today, HB 2058 <sup>A SC</sup> addresses that \$10M allocation by developing a state loan program. This “pay day loan” will allow farms with less than \$3M in gross income to take out state loans to pay their Ag OT payroll expenses. The premise is that this will tide them over until they get their Ag OT payroll tax credit down the road. However, there is no guarantee they will qualify for that tax credit in the future.

Additionally, for farms with operating lines of credit, or small business loans, they may not even be allowed to take these payday loans if their lender precludes them from taking on additional debt.



On the flip side, Section 1 of the bill says:

“In reviewing applications, the Oregon Business Development Department is not required to perform any due diligence with respect to the applicant, the applicant’s ability to repay the award, any collateral or other security for repayment of the award or the applicant’s creditworthiness”

So, that may be a win for the farmer down the road if they can’t repay it due to cash flow issues, crop loss, commodity price drop, etc. There is also NOTHING in this bill that precludes a farm with multiple LLC’s, corps. from taking out multiple pay day loans.

Colleagues, in this building we talk a lot about equity, but it seems equity does not apply to this bill. This bill assumes that farms with over \$3M in gross sales each year don’t have cash flow problems and therefore don’t need the “pay day loan.” However, the sales value generated by the farm does not correlate to labor costs or any other costs for that matter. Farm sales are 100% based on what you grow on that farm, how you grow it, and what the market will pay for it. For example, a \$3M fresh market organic farm could have \$1M in labor because they hand rogue, hand pick, and hand process their product. While a \$3M commodity crop farm could have only \$600K in labor because they use conventional farming practices which involve less labor. NO TWO FARMS ARE ALIKE.

The assumption in this bill is that if you are a large farm, you can afford to carry the payroll costs and don’t need the pay day loans. I would attest that all farms, small, medium, and large need help with the payroll burden passed by this body.

According to Legislative Fiscal Office, in an Agriculture background brief from 2018, there were 16.3M acres of farmland and the AVERAGE SIZE FARM WAS 477 acres. In the ag statistics report, 326-acre farms, the closest category reported to the average, only have economic sales between \$10,000 and \$99,999.

Small farms in Oregon – less than \$10K in annual sales

- Account for 61% of the total farms in the state
- Own ONLY 14% of the farmland
- Generate less than 2% of the ag Sales in the state

Medium farms - \$10K to \$250K in annual sales

- Account for 31% of the total farms in the state
- Own 35% of the farmland
- Generate 11% of the total ag sales in the state

Large Farms – greater than \$250K (~315 of those are over \$2.5M)

- 8% of the total farms in the state
- Own 56% of the farmland
- Generate 87% of the total ag sales in the state



The reality is small, medium, and large farms in Oregon, almost ALL have one thing in common – they are family owned and operated. 96.7% of ALL Oregon farms are family owned and operated. They are multi-generational, they are stewards of the land, and they feed the world.

I voted no for this bill in committee and I still don't like it. The real solutions to Ag OT were ignored in 2022 when a partisan bill passed out of this body and was unfairly burdened on ALL farmers in this state. However, I am going to cast a very reluctant yes vote today. Because if this bill helps just one family farm from the devastating effects of HB 2004 from 2022, then it is worth it.... until the day we can repeal Ag Overtime all together.

Sincerely,

Anna Scharf  
State Representative – HD 23