

FOR IMMEDIATE RELEASE

March 9, 2007

Contacts: Don Schellenberg, 503-580-3699, don@oregonfb.org

Tim Bernasek, 503-580-0353, tim@oregonfb.org

Ag industry presents wage indexing study to Senate Committee

At the March 12, 2007, Monday meeting of the Senate Commerce Committee, Dr. Phil Martin will present his study, "The Impact of Minimum Wage Indexing on Oregon's Agriculture Industry." He conducted the study at the request of a workgroup formed by representatives from the agriculture industry. Dr. Martin is a professor in the Agriculture Economics Department at the University of California at Davis. The hearing begins at 3:00 p.m. in Hearing Room B at the Capitol.

The workgroup formed and commissioned the study on the impacts of minimum wage indexing after a bill that would have protected the agriculture industry was vetoed by the governor two years ago.

The 2005 Legislature passed SB 1083A, providing a tax credit for agriculture employers that would offset the yearly indexing of the minimum wage. The credit allowed agriculture employers to pay workers the yearly increased wage and then be reimbursed from the state for the increase at tax time.

Agriculture made the case that because they cannot pass on their increased labor costs to the consumer this was a fair way to offset the ever-increasing labor cost. During passage of the bill, the Legislative Revenue Office estimated the cost to the state General Fund to be more than \$240 million dollars for the four-year life of the bill. Although it was supported by both the Republican House and the Democratic Senate, the Governor vetoed the bill.

The study documents the cost of the yearly indexing of the minimum wage to agriculture employees, employers, and Oregon's overall economy. Since Measure 25 was passed in 2002 authorizing the indexing, the minimum wage has increased from \$6.90 an hour to \$7.80.

###