

February 1, 2016

To the Oregon Senate Committee on Workforce and Economic Development,

On behalf of the undersigned companies representing manufacturers, farmers and agribusinesses, wholesalers, importers, exporters, distributors, and other supply chain stakeholders in the Oregon food supply chain, we respectfully oppose raising the state's minimum wage. Increasing Oregon's minimum wage would adversely affect the economy, hurt Oregon family food businesses and could raise the cost of food.

While Oregon produces a considerable amount of raw agricultural products, food companies still need to import products from other states and countries to fill orders. Raising Oregon's minimum wage would make Oregon agricultural products more expensive, and therefore less attractive, than products from around the globe. This would negatively impact Oregon's family farmers and local producers.

Making and selling food is a highly competitive business and increasing the minimum wage would make it more difficult for small and mid-size Oregon companies to compete with larger ones that are better prepared to handle increased labor costs. A minimum wage increase would disproportionately harm Oregon's home grown food businesses.

Raising Oregon's minimum wage would make further automation of food production lines more attractive in order to reduce costs to remain competitive. Furthermore, many businesses may look to transfer all production to their facilities located outside of Oregon.

Another issue that raising the minimum wage creates is compression in the workforce wage structure. The pressure to increase wages for our skilled workforce, that currently makes more than minimum wage, will intensify once the unskilled workforce receives a wage increase. This will require wage increases up the chain in order to maintain a reasonable differential in wages.

Oregon food companies already face increased production costs with the recent mandated sick leave and mandated retirement savings legislation. Additionally, the lack of adequate transportation funding and the prospects of flex scheduling, a tax increase (IP 28 or similar concepts), and energy rate increases (cap and trade, GHG limits, etc) make Oregon a less attractive place for food companies. Increasing the state's minimum wage is just one more item from a long list that makes Oregon a difficult place to run a successful food business.

When Oregon passes laws that increase the costs of operating a food business, it has the potential to raise food prices. Because the food industry is a highly competitive, low margin business, food makers are forced to absorb costs they can't afford, raise food prices, or move to a location with lower production costs. Oregon food companies are at a point where we can no longer bare the high cost of doing business while remaining competitive with companies in other locations that do not have such high costs.

Oregon food companies employ roughly 25,000 Oregonians and represent over \$6 billion in economic activity. We value Oregon's farmers and our workforce that create the most affordable, high quality and safe food in the world. Because Oregon food businesses compete with those from other states that are not required to pay these higher wages, we would be put at a severe competitive disadvantage.

We value our employees greatly and would love to pay them more, but economic realities constrain our ability to maintain a successful business in Oregon while also adjusting to a higher minimum wage. Together with the other added costs of doing business in Oregon, a minimum wage increase would cause harm to our industry. Help us stay a competitive and vibrant sector of Oregon's economy.

Sincerely,

Beaverton Foods, Inc.  
Boardman Foods  
Butler Foods LLC  
Calyx Fruit Co.  
Cascade Floors Inc.  
Ever Fresh Fruit Company  
Fresh n' Local Foods  
Great Cedar Fine Lebanese Food  
Henningsen Cold Storage Co.  
Hood River Juice Co.  
Kerr Concentrates  
National Frozen Foods Corporation  
NORPAC Foods, Inc.  
Oregon Freeze Dry  
Oregon Fruit Products  
Pacific Combustion Engineering  
Paradigm Foodworks  
Skylane Farms  
Sno Temp Cold Storage  
Sunshine Dairy  
The No-Bake Cookie Company  
Townsend Farms  
Tree Top, Inc.  
Truitt Bros. Inc.  
Westmark Industries