# Study: Minimum wage hikes hurt more than help

By DAN WHEAT
Capital Press

SEATTLE — Increasing the minimum wage hurts a state's economic competitiveness and hinders low-income workers more than it helps them, according to the Washington Research Council.

To offset the increased cost of paying higher wages, businesses tend to cut jobs and reduce hours, according to a report by the Seattle-based nonpartisan council, released on Feb. 20. Higher minimum wages can increase the earnings for a few workers in the short-term but reduce the earnings of lowest-skilled workers in the long-term, the report says.

Washington has the highest minimum wage in the nation at $9.47 per hour. It is one of 10 states that indexes annual increases in the wage to inflation.

A proposal in the Washington Legislature, House Bill 1355, would accelerate the annual minimum wage increases. The bill is unlikely to pass the Senate.

Minimum wage hikes concern the state's tree fruit industry, which hires more than 55,000 seasonal workers during apple harvest. While higher piece rates prevail during harvest, workers are paid minimum wage for some tasks.

The WRC study correctly notes the minimum wage is a blunt instrument in a complex situation, said Desmond O'Rourke, a retired Washington State University agricultural economist and private consultant.

Increasing the minimum wage in a poor economy may slow employers but it has little effect in a good economy, O'Rourke said. Studies abound on both sides of the argument on whether minimum wage increases are good or bad, he said.

Minimum-wage jobs are supposed to be entry-level, not career positions, O'Rourke said. But political campaigns to raise minimum wages sound good, he said.

The minimum wage takes the decision out of employers' hands as to what value or productivity they are getting from the employee for the wage, he said.

In 2014, the Congressional Budget Office estimated raising the federal minimum wage to $10.10 per hour would reduce employment by 500,000 jobs, the WRC report states.

In the late 2000s, minimum wages rose an average of 30 percent across the U.S., reducing the national employment-to-population ratio by .7 percent, the report states. In other words, there were fewer jobs per person.

A 2012 study found for each 10 percent increase in the minimum wage about one-sixth fewer jobs are created, the report says.

The report also cites a 2008 study by David Neumark, an economics professor at the University of California-Irvine, and William Wascher, deputy director of research and statistics at the Federal Reserve Board.

They concluded higher minimum wages reduce employment of those with fewer skills, reduce earnings of the lowest skilled, do not reduce poverty, limit acquisition of human capital and have long-term negative impacts on wages.

# Experts say Oregon's wine industry is poised for continued growth

By ERIC MORTENSON
Capital Press

PORTLAND — Oregon's wine industry, which has gained an international reputation for high quality, still has room to grow, experts said Feb. 24 at the annual Oregon Wine Symposium.


Freund


Miller

Christian Miller, whose company Full Glass Research analyzes the economic impact of the wine industry, and Silicon Valley Bank executive Mark Freund delivered "state of the industry" talks during the symposium's opening event at the Oregon Convention Center.

Both described an industry that has grown rapidly in the past decade, gained acclaim from reviewers and has an economic ripple effect that outpaces other agricultural sectors. Miller estimated the Oregon wine industry's economic impact at $3.35 billion, counting crop value, sales, jobs and direct and indirect services and businesses.

Oregon vineyards and wineries spend $14.1 million annually on glass, $7 million on labels and $6.5 million on corks, Miller said in his report, "The Economic Impact of the Wine and Wine Grape Industries on the Oregon Economy."

But Oregon produces no glass or corks and has only two mobile bottling businesses serving wineries, he said. There's only one oak barrel manufacturer in the Pacific Northwest, Miller said, ticking off some of the opportunities for business expansion.

Wine grapes in 2013 became Oregon's most valuable fruit and nut crop, reaching $128 million in value and surpassing hazelnuts, pears, cherries, apples and peaches, among others. The wine grape crop has quadrupled in value since 2004, Miller said. Oregon's average price per ton of grapes was $2,249 in 2013, far more than the $713 per ton average paid to California growers and $1,110 paid to Washington growers. Only growers in California's Napa County received more than the Oregon average.

Oregon is best known for Pinot noir wine produced in the Willamette Valley, and Pinot noir grapes make up 67 percent of the total wine grape crop value, Miller said. But the Pinot gris wine coming out of Southern Oregon is under-appreciated, Miller said.

"Oregon has barely scratched the public consciousness (with Pinot gris), so there's a lot of upside potential," he said.

Freund, of Silicon Valley Bank, said the bank's wine division works with about 100 West Coast vineyards and has about $1 billion in loans out for construction and capital expenditures in the wine industry.

Market indicators show Oregon's is well situated for continued growth, he said.

"Oregon has a clear identity out in the market," Freund said. "Oregon does really well in converting tasting room visitors to purchasers."

Baby boomers continue to dominate in fine wine purchases, but millenials — people in the 21 to 36 age group — are discovering quality wine as well, Freund said.

"They're starting to show some signs of life, which is a great thing," he said.

Freund said the overall economic outlook continues to improve, which bodes well for wine sales. He said the U.S. recovery is leading the rest of the world, wages are rising and unemployment may drop to 5 percent by the end of the year. He predicted oil prices will remain depressed well past 2015, and said fine wine sales will grow 14 to 18 percent.

# Project protects farming family's legacy

By JOHN O'CONNELL
Capital Press


Dayna Gross/For Capital Press
This agricultural land, owned by Chip and Kathy Molyneux in the foothills of the Pioneer Mountains, is included in a recent project to protect 2,000 acres of Molyneux land from the potential for future development.

KETCHUM, Idaho — A unique Blaine County land and water protection program recently provided the final bit of funding needed to preserve a family's agricultural legacy.

Bill and Maxine Molyneux, who sold or gifted much of their large farm and ranch to their children, have long expressed a strong desire for the property to be kept whole.

Thanks to a collaborative effort involving several Molyneux family members, government agencies and nonprofit organizations, the land will remain undeveloped in perpetuity.

The Molyneux Legacy Project preserves the development rights of five separate easements, totaling 2,000 acres — mostly irrigated alfalfa and grain. Easements encompass agricultural land and wetlands near Silver Creek Preserve owned by Bill and Maxine; ranches owned by John and Kristy Molyneux and John, Chip and Billy Molyneux along Highway 75; Chip and Kathy Molyneux's land abutting Craters of the Moon National Monument and Billy Molyneux's ranch along Silver Creek and the Little Wood River.

Usual farming and ranching activities are allowed to continue, but the land can never be developed.

Blaine County's Land, Water and Wildlife Program approved $992,000 toward the project on Feb. 17.

Clare Swanger coordinates the program, established in 2008 to provide matching funds to leverage federal dollars for conservation projects such as development easements and fish ladders. A two-year Blaine County tax levy generated $3.4 million for the fund — the first program of its kind in Idaho.

"We've partially funded several projects that would have been extremely difficult to complete without this program," Swanger said.

The Molyneux children became interested in preserving the family farm after Bill and Maxine preserved their first easement in 2009. Kathy Molyneux said other local land owners have taken notice.

"We have two other neighbors who have contacted us, and one has already made contact with the Nature Conservancy about moving forward with easements," she said.

Kathy said payments for development rights have helped the family pay down mortgages and expand their farms, though the family agreed to take below the appraised value of their development rights.

"Some of them have already purchased other property that was going to be developed," she said.

The easements will be held by the Nature Conservancy, which contributed $100,000 toward the project, and the Wood River Land Trust.

"The way the project happened is a couple of them went to me and were interested in doing easements, and a couple went to the land trust, said Nature Conservancy conservation manager Dayna Gross. "I thought it would be much more compelling to get everyone to do it at the same time."

The NRCS Farm and Ranch Protection Program, now part of the new Agricultural Conservation Easement Program, will provide half of the funding, with exact figures released after the project closes.

"Usually, you have family members arguing about whether or not to do easements," said Keri York, with the Wood River Land Trust. "To have five different contingents of a family ranch do it at once is really unique and special."

# Feedlot inventory slightly higher

By CAROL RYAN DUMAS
Capital Press

Cattle on feed numbers in large U.S. feedlots on Feb. 1, at 10.7 million, were slightly higher than last year's count. Placements into those feedlots in January were 11 percent below year-ago levels, and fed cattle marketed during January were down 9 percent below a year earlier with one less business day than January 2014.

USDA's latest cattle on feed report, released Feb. 20 by the National Agricultural Statistics Service, came close to industry estimates, which expected on-feed numbers to be down slightly.

Marketings were down a tad from industry expectations, and placements were a little higher than expected, said Ron Plain, ag economist with the University of Missouri.

January placements, at 1.79 million, were 11 percent below January 2014, but those much lower placements shouldn't be a surprise. January 2014 placements were up nearly 9 percent year over year, he said.

Placements for all of 2015, however, should be up a bit from 2014 given a slight increase in the 2014 calf crop and a slightly higher supply of feeder cattle outside feedlots at the start of the year. Marketings in all of 2015 should also be up slightly from last year, he said he said.

Placements in 2014 dropped quite a bit after January's gain of near 9 percent and February's increase of 15.5 percent. The year's placements averaged 1.8 percent lower than 2013, he said.

Placements this January were down for all weights of cattle except the heaviest, those weighing 800 pounds or more, which were up 2.8 percent over January 2014, Plain said.

That reflects the lack of enthusiasm by cattle feeders — cattle feeding was not at all profitable in January, he said.

Those heavier weight cattle that needed to go on feed for finishing went. The lighter ones that could wait are waiting, he said.

Placement numbers of heavier cattle continue to skew higher, with placements of cattle weighing less than 700 pounds down 18 percent from year-ago levels, Steve Meyer and Len Steiner reported in their Daily livestock report on Feb. 23.

"Feedlots appear to be front loaded given the supply of cattle that have been on feed 120 days or more is 15.5 percent larger than last year and that placements of heavy cattle have been higher for the past few months," they said.

Seasonally, marketings of fed cattle are lighter in March and April and pick up for the higher marketing period of May through August. So marketings should stay fairly light for another 60 days or so, Plain said.

# Idaho bill to help PCN-affected potato growers dies

By SEAN ELLIS
Capital Press


Courtesy of USDA APHIS
An Eastern Idaho potato field infested with pale cyst nematode is prepared for a methyl bromide treatment. The federal government recently approved another $400,000 for the program.

BOISE — Idaho lawmakers have refused to introduce a bill that would have provided some financial relief to potato growers who face additional regulations in the effort to control pale cyst nematode.

The bill was authored by Idaho Farm Bureau Federation and would have applied to potato growers in a federally regulated area in East Idaho.

The PCN parasite, which can significantly reduce yields, was first detected in this state in a small area of Eastern Idaho in 2006.

There are 18 growers in that federal PCN monitoring program, which regulates 7,734 acres, including 26 infested fields encompassing 2,897 acres.

Fields in the regulated area that are not infested with the nematode can still grow potatoes but they face strict testing and phytosanitary requirements.

The IFBF's proposed bill would have allowed those growers to ask the Idaho Potato Commission for a refund of the state's potato assessment, which is 12.5 cents per hundred pounds.

Those growers who face the additional regulations are benefiting the entire industry by helping ensure PCN is not spread, IFBF Director of Governmental Affairs Russ Hendricks told members of the House Agricultural Affairs Committee Feb. 24.

They face financial duress because of the additional regulations, he said, and allowing them to ask for an assessment refund "would be one small way of helping to cover some of those expenses."

"If they go out of business, they won't be growing any potatoes and those assessments won't be there anyway," Hendricks added.

He said the best estimate by regulated growers is that allowing them to ask for a refund could cost the IPC in the neighborhood of $500,000 annually. The IPC's current budget is $14 million.

The refund provision would not have been retroactive and it would not have applied to anyone who purchased or leased regulated land after the effective date of the bill.

The House ag committee, on a voice vote, overwhelmingly opted not to introduce the bill.

Rep. Julie Van Orden, R-Pingree, said she had a problem asking the IPC to absorb the cost of the refund when the regulations are federal.

"I have a real concern about who this is aimed at at this time," she said.

The proposal was opposed by the potato commission.

IPC President and CEO Frank Muir told committee members that almost $80 million in federal, state and IPC money has been spent trying to control and eradicate PCN since its discovery in Idaho.

The IPC has spent more than $1 million of all growers' money on PCN research and commission staff has spent "untold hours on PCN over the last eight years," he said.

Muir later told the Capital Press through a text message that the commission "will continue to work with PCN-affected growers as we have for over eight years to minimize the financial impact on them and work toward eradication of PCN."