

Oregon

Oregon ag's economic impact yields jobs, sales

By ERIC MORTENSON
Capital Press

Farmers might be tempted to say they told you so, but a new report from Oregon State University economists says food, fiber and other aspects of state agriculture are linked to \$50 billion in Oregon sales and account for 326,617 full- and part-time jobs.

Agriculture held its own when the rest of Oregon's economy staggered during the recession, and it continues to grow, Extension Economist Bruce Sorte said.

In that sense, farming is like the "good, steady worker" that doesn't get noticed when other

sectors of the economy are doing well, he said.

"It's kind of like the foundation of your house," Sorte said. "You don't think about it much but you're glad it's there."

Ag's economic impact extends from the farm or ranch into warehousing, transportation, wholesale and retail sales and processing operations, among others. "It's not just relegated to the soil," Sorte said.

Sorte said Oregon producers have become much more efficient in the way they use water and other inputs and increased production over the decades even though the number of farms declined: from 40,033 in

2002 to 35,439 in 2012.

"The recent recession seemed to have taken its toll on many of the smaller farms that did not have the reserves or assets to weather the hard times," the report concluded.

The report, chiefly written by Sorte and OSU Extension Community Economist Malory Rahe, noted opportunities for continued industry growth. For example, Oregon grows and processes the ingredients for 31 percent of the food and beverages created and served in the state. Increasing that to 50 percent would add \$350 million to annual ag sales, according to the report.

Rahe cautioned, however, that the figure is a rough estimate and doesn't account for opportunity costs or what such growth might mean to existing businesses and to resources such as water. There could be significant reasons for not striving to reach the 50 percent figure, such as a loss of quality, Rahe said.

OSU economists Larry Lev and Bruce Weber, head of the Rural Studies Program, reviewed the work. Oregon Department of Agriculture chipped in \$14,525 to help pay for the work, provided statistics and wrote descriptive passages in the first part of the report, Sorte said.



Eric Mortenson/Capital Press

Hood strawberries ripen in the summer sun in Clackamas County, Ore. A new study by Oregon State University economists says the output of Oregon farmers increased 39 percent from 2010 to 2014, primarily because of a combination of increased efficiency and higher prices.

Oregon lawmakers ask for impacts of gross receipts tax

By HILLARY BORRUD
Capital Bureau

SALEM — Economists who work for the Oregon Legislature are beginning the complicated task of analyzing how a proposed corporate sales tax measure would affect the economy.

The union-backed tax measure planned for the 2016 ballot would require certain corporations to pay a 2.5 percent tax on sales in Oregon greater than \$25 million. Republican lawmakers in particular have pushed for the Legislative Revenue Office to analyze the potential economic impact of the measure, currently referred to as initiative petition or IP 28.

Economists in the office have already projected the tax would raise an additional \$2.65 billion annually for the state, but they have yet to complete a more detailed analysis that includes the indirect impact or "behavioral response" from businesses and the broader economy.

"This is the third time I've asked this, by the way, gentlemen," state Sen. Bri-

an Boquist, R-Dallas, said during an interim meeting of the Senate and House revenue committees Dec. 2. Boquist called the tax measure "the 800-pound gorilla in the room" and said Oregonians need the independent analysis in order to make informed decisions about the measure.

Rep. Cliff Bentz, R-Ontario, also called for economists to move ahead with the analysis. "I've lost track, literally, of the number of times different folks up here have said something about the unforeseen consequences of measure fill in the blank, 55, you name it," Bentz said.

Lawmakers could also use the information to draft an alternative tax measure in the 2016 legislative session, although it is currently unclear whether there will be enough support for a bill.

Chris Allanach, a senior economist in the Legislative Revenue Office, said the staff planned to start immediately on the analysis. Until recently, the Legislative Revenue Office was busy producing a report ordered by the Legis-

lature on options to overhaul Oregon's state and local tax system. The office presented that report to lawmakers on Dec. 2.

Legislative Revenue Officer Paul Warner said it will be complicated to analyze the impact of the proposed corporate sales tax, largely because it applies to very specific companies: "C" corporations with more than \$25 million in sales inside Oregon. The proposed measure also contains an exemption for corporations registered with the state as "benefit companies."

Staff at the Legislative Revenue Office will have to review tax returns at the Oregon Department of Revenue to gather the detailed data they will eventually feed into a computer model. "We do have quite a bit of work to really make a decent estimate on IP 28," Warner said. "And we'd much rather do that than throw something together that we aren't confident in, and we'll end up having to change at a future time."

Legislator proposes regional minimum wage rates

By PARIS ACHEN
Capital Bureau

SALEM — Spurred by two ballot initiatives to raise Oregon's minimum wage, a Portland lawmaker plans to propose legislation in February that would set different regional minimum wage rates based on cost of living and median income.

Sen. Michael Dembrow, who chairs the Senate workforce committee, said a legislative agreement could help avert an acrimonious and prolonged battle over the minimum wage at the ballot box.

"Our hope is if we can pass it in February, that the campaigns will stop collecting signatures, and they'll feel comfortable with it," Dembrow said.

A legislative work group began at the end of the last session looking at some of the issues to consider in setting a minimum wage.

"What became clear from that was we needed to do something that is not one-size-fits-all," Dembrow said. "We needed to take into account cost of living and economic vitality in different parts of the state."

Dembrow said he envisions

setting three regional minimum wage rates — with the highest rate in the Portland metro area and the lowest in rural areas.

The rates would be phased in during a three- to four-year period, he said.

"Our goal here is to get the wage where families can make it without relying on public assistance," he said.

Senate workforce committee members have yet to settle on exact numbers but hope to have those details ready in time for a public hearing Jan. 14.

The regionally tiered minimum wage would address the need for higher incomes in Portland, where housing costs are skyrocketing, without crippling businesses in slower economic areas such as the southern coast, Dembrow said.

One ballot initiative under way proposes hiking the state's minimum wage to \$15 per hour by 2019. Another initiative by a union-led coalition seeks to boost minimum wage to \$13.50 and give cities the authority to hike wages beyond that.

Dembrow's legislation would not repeal state preemption on wage hikes, which prohibits municipalities from increasing the minimum wage.

Giving cities the authority to independently hike wages can be problematic, Dembrow said.

"If Portland does raise the minimum wage, and Beaverton doesn't, there is a concern a lot of businesses would relocate," Dembrow said. "We have had a lot of experience with the state setting its own minimum wage but haven't had a lot of experience with cities doing it. That is a relatively new phenomenon."

In the past two years, Washington, D.C., Seattle, San Francisco and Los Angeles have taken action to gradually raise their minimum wage to \$15.

House and Senate leadership and Gov. Kate Brown have indicated passing minimum wage legislation is a priority for the upcoming session.

Senate President Peter Courtney, D-Salem, said he supports increasing the minimum wage but has yet to decide on a specific amount. He said he also agrees with repealing the preemption on local wage hikes so that cities such as Portland could raise wages beyond the statewide floor.

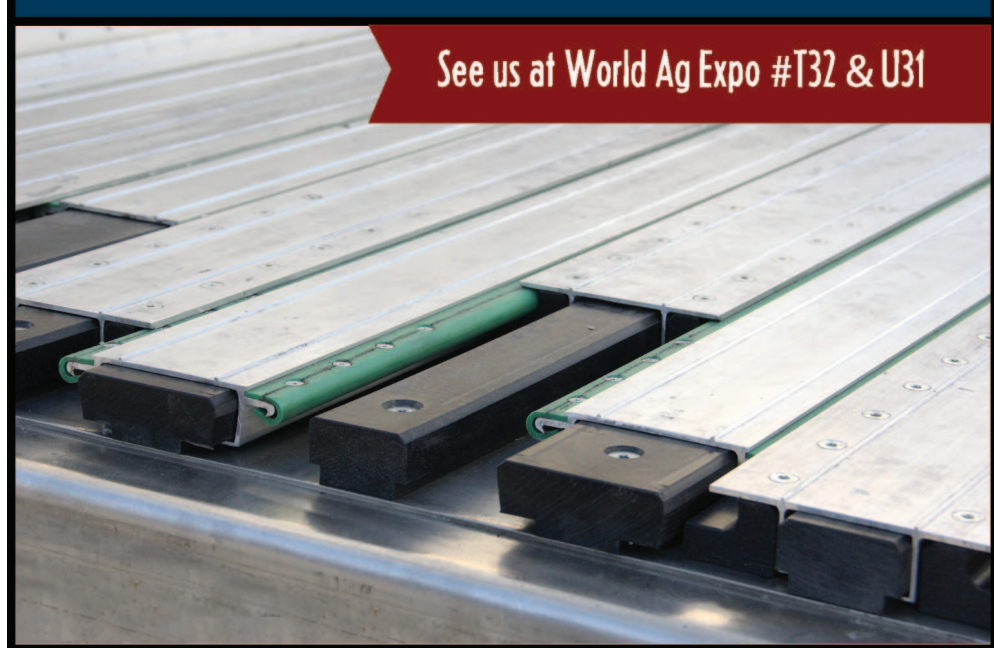
But passing wage legislation in February will depend on securing support from key business leaders, he said.

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