April 10, 2025

The Honorable Lola Smallwood-Cuevas, Chair
Senate Committee on Labor, Public Employment and Retirement
1021 O Street, Room 6740
Sacramento, CA 95814

RE: SB 628 (Grove) – Overtime Hours for Agricultural Workers – SUPPORT

Dear Senator Smallwood-Cuevas,

As a broad coalition representing California's agricultural industry, we write in support of SB 628 (Grove). This bill would benefit both farm workers and their ag employers:

- SB 628 would result in increased overtime hours for agricultural workers, thereby increasing their take home pay, and alleviating the financial pressures felt throughout rural California.
- This legislation would achieve the above by creating a payroll tax credit to reimburse agricultural employers for overtime wages paid to their ag employees. NOTE: "Overtime wages" means the difference between the employees' overtime rate of pay and their regular rate of pay.

Submitted by California Association of Winegrape Growers
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Investing in Farmworkers and Agriculture:

Putting SB 628 into context, please consider that in September 2024, Governor Gavin Newsom stated the following:

> "*Farm workers are the backbone of California's nation-leading agricultural industry and play a critical role in ensuring the stability of the state, nation and world's food supply. Investing in their well-being is investing in California's success*."

The ag organizations that have signed this letter all agree with the above sentiment expressed by Governor Newsom.

To achieve such an investment, SB 628 provides funding for overtime compensation for farm workers. This investment of General Fund dollars supports rural jobs through increased take home earnings, while helping to make California's ag businesses more competitive globally. Remember that under SB 628, the amount of the tax credit is directly tied to the amount of overtime wages paid.

With global competition in mind, SB 628 follows the model created in Oregon and New York, both of which have a tax credit to support overtime wages for farm workers. In both states the legislation creating the tax credits was not controversial and enjoyed broad-based bipartisan support.

Background:

In passing AB 1066 (Gonzalez) in 2016, which created California's ag overtime law, the Legislature intended, "to provide any person employed in an agricultural occupation in California . . . with an opportunity to earn overtime compensation under the same standards as millions of other Californians." When lawmakers voted for AB 1066 eight years ago, many of them asked ag organizations (which were in opposition to the bill) to bring back this issue when we have data and evidence.

According to a 2023 study by the University of California at Berkeley, California farm workers earn less take-home pay since the "Phase-In Overtime for Agricultural Workers Act of 2016" became law.

> The study states the following: "*Consistent with expectations based on the hours effects, results indicate that the overtime law decreased worker pay . . . This evidence suggests that the law may not be benefiting the workers they aim to protect.*" Furthermore, the U.C. study concludes, "*New York's law includes a refundable tax credit for overtime hours paid by farm employers. Such a model*

is likely to reduce the financial burden on employers of paying workers for overtime hours and may mitigate the hours and earnings reductions highlighted here."

Conclusion:

In a bipartisan effort to make California more affordable, SB 628 is desperately needed by rural communities and the farm workers who live and work there.

For these reasons, we respectfully urge your "aye" vote for SB 658.

Sincerely,



Michael Miiller
Director of Government Affairs
California Association of Winegrape Growers

On Behalf of the Following

Agricultural Council of California
Almond Alliance
American Pistachio Growers
California Avocado Commission
California Chamber of Commerce
California Citrus Mutual
CA Cotton Ginners & Growers Assn.
California Farm Bureau
California Fresh Fruit Association
California League of Food Processors
California Rice Commission
California State Beekeepers Association
California Walnut Commission
Family Winemakers of California
Grower-Shipper Assn. of Central CA
Milk Producers Council
National Fed. of Independent Business
Western Growers Association
Western Tree Nut Association
Wine Institute

CC:
Senator Shannon Grove
Senate Labor, Public Employment and Retirement Committee
Senate Labor, Public Employment and Retirement Committee, Members

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