

The Impact of Executive Order 13658 on Public Land Guides and Outfitters

Representative Chris Stewart

Thank you Chairwoman Lummis for holding this hearing to look at how the President's executive order on the minimum wage is harming seasonal recreation jobs on public lands and how I believe my bill, the *Outdoor Recreation Enhancement Act*, can address the problem. This may not be the most exciting issue, but it is an important one that impacts real people, and I appreciate the chance to be a part of the discussion.

I apologize in advance that I will have to leave immediately after my testimony to participate in a mark-up in another committee.

In February of 2014, President Obama issued an executive order establishing a new minimum wage for federal contractors which raised the minimum wage to \$10.10 per hour for businesses operating under federal contracts.

First I should state that the minimum wage itself is bad economics that hurts the very people we should most want to help—those at the bottom of the economic scale. Study after study shows that increasing the minimum wage increases unemployment among low-skilled workers. It accelerates the move from labor to capital and makes it harder for young people to get those entry-level jobs that develop the basic job skills that help workers advance and earn more.

But of course we're here to talk about the impact the President's actions are having on a specific industry. Because the executive order applies to businesses with a federal contract, this includes guides, outfitters, and other recreational businesses whose only connection to the federal government is a permit to operate on federal lands. That permit is a pretty tenuous link, but it's enough to bring these businesses under the President's executive order. The Department of Labor's subsequent interpretation of the order requires a number of new regulations that will add additional compliance costs for an industry that operates on very small margins. This increase will force many outfitting businesses to either close, cease operations on public lands, or operate with fewer workers.

Madame Chairwoman, as you know, my district is huge and is comprised almost entirely of public land. We have four national parks and millions of acres of BLM and Forest Service land. Raising the costs for businesses to operate on these public lands will certainly have an impact on local jobs and on the ability of guides, outfitters, and other recreational businesses to provide remarkable experiences for the millions of visitors who come from all over the world each year to recreate on our public lands.

We have other witnesses here who I'm sure will elaborate on how these new costs will impact their businesses, but I'd like to briefly read from a letter sent to me by a travel tour operator located in my district, describing his concerns with the executive order. He wrote,

We very much want to maintain our commitment to the recreational experience in National Parks and on other public lands. However, the cost of compliance and the draconian overtime restrictions created by this rule, have significant impacts on our business. This is so serious to us that [we] may have to cease running trips in National Parks.

It's important to note that these businesses are *seasonal*. Most only operate a few months a year. The employees are typically high school and college students who are looking for a position for the summer and want to spend time outdoors. Congress already recognized how these circumstances applied to a similar industry almost 40 years ago when it exempted ski businesses operating on public lands from the Fair Labor Standards Act.

To address the problem, what I propose with the *Outdoor Recreation Enhancement Act* is to simply clarify and expand an existing exemption to wage and hour laws for seasonal recreational establishments under the Fair Labor Standards Act. The bill will broaden the exemption, which currently exempts ski resorts, to include businesses involved in rafting, horseback riding, hiking, cycling, and other seasonal recreational businesses.

It's a simple fix that will allow these businesses to continue to operate on federal lands and allow all of us the opportunity to enjoy extraordinary experiences in our national parks and other public lands.

Again, I appreciate the opportunity to testify.