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U. S. DEPARTMENT OF LABOR  
Wage and Hour Division  
Washington

*Inactive*

REVISED "AREA OF PRODUCTION" REGULATIONS ISSUED

General Philip B. Fleming, Administrator, Wage and Hour Division, U. S. Department of Labor, today issued amended regulations defining the term "area of production." These regulations apply one definition of the term "area of production" to the processing off the farm of agricultural or horticultural commodities, including dairy products, specified in Sections 7(c) and 13(a)(10) of the Fair Labor Standards Act. The new regulations will become effective April 1. (Federal Register, March 18, 1941).

In the Fair Labor Standards Act (Federal Wage and Hour Law) employees "employed within the area of production (as defined by the Administrator)" are exempt from the hours provisions of the Act under Section 7(c) and from both the minimum wage and maximum hours provisions under Section 13(a)(10) in the processing of certain specified agricultural commodities.

The new definition exempts employees engaged in establishments employing ten or fewer employees in the exempt operations and drawing the commodities from farms in the "general vicinity." No other establishments will be within the "area of production."

These regulations thus make applicable the definition previously issued for fresh fruits and vegetables to all agricultural and horticultural commodities. In addition, the amended regulations continue in effect the definitions previously issued, pursuant to hearings duly held, for dry edible beans and Puerto Rican leaf tobacco, pending possible future investigation and revision.

The new regulation will supersede the previous regulations which defined the "area of production" by limiting it to (1) establishments in towns of less than

2500 population and receiving their commodities from farms within ten miles of such establishments, and (2) establishments employing not more than 7 employees in the exempt operations.

Reconsideration of the old regulations had been sought by various persons and organizations, including the National Grain Trade Council. It was urged that the limitations in the old regulations, restricting the area from which commodities were drawn to a ten-mile radius, narrowed the market outlets for many farms and restricted the area in which many operators could purchase agricultural commodities without suffering a competitive labor cost disadvantage. It was also urged that the population limitation excluded many plants in small and middle-sized towns and cities which are surrounded by producing areas. It was further argued that the limitation of seven or fewer employees in the old regulations should be changed to a limitation of ten or fewer employees. Since it is believed that such a change will carry out the congressional purpose of exempting a number of rural plants located close to the farm, which are not now exempt, the change has been incorporated into the new regulations.

With respect to the new regulations, General Fleming stated that in his opinion, they will produce a minimum of discrimination and economic dislocation between competitors engaged in similar operations and between the same classes of labor. Further, the new regulations will aid in carrying out the declared purpose of the Act to eliminate substandard working conditions.

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