

Wage and Hour Division, Labor

§ 780.712

warehouses that perform similar functions in the flat warehousing, storage, and marketing for farmers of grain in sacks. Such warehouses are not “elevators” and therefore do not come within the section 13(b)(14) exemption.

§ 780.710 A country elevator may sell products and services to farmers.

Section 13(b)(14) expressly provides that an establishment commonly recognized as a country elevator, within the meaning of the exemption, includes “such an establishment which sells products and services used in the operation of a farm.” This language makes it plain that if the establishment is “such an establishment,” that is, if its functions and attributes are such that it is “commonly recognized as a country elevator” but not otherwise, exemption of its employees under this section will not be lost solely by reason of the fact that it sells products and services used in the operation of a farm. Establishments commonly recognized as country elevators, especially the smaller ones, not only engage in the storing of grain but also conduct various merchandising or “sideline” operations as well. They may distribute feed grains to feeders and other farmers, sell fuels for farm use, sell and treat seeds, and sell other farm supplies such as fertilizers, farm chemicals, mixed concentrates, twine, lumber, and farm hardware supplies and machinery. (See *Tobin v. Flour Mills*, 185 F. 2d 596; *Holt v. Barnesville Elevator Co.*, 145 F. 2d 250). Services performed for farmers by country elevators may include grinding of feeds, cleaning and fumigating seeds, supplying bottled gas, and gasoline station services. As conducted by establishments commonly recognized as country elevators, the selling of goods and services used in the operation of a farm is a minor and incidental secondary activity and not a main business of the elevator (see *Tobin v. Flour Mills*, supra; *Holt v. Barnesville Elevator Co.*, supra).

§ 780.711 Exemption of mixed business applies only to country elevators.

The language of section 13(b)(14) permitting application of the exemption to country elevators selling products and services used in the operation of a

farm does not extend the exemption to an establishment selling products and services to farmers merely because of the fact that it is also equipped to provide elevator services to its customers. The exemption will not apply if the extent of its business of making sales to farmers is such that the establishment is not commonly known as a “country elevator” or is commonly recognized as an establishment of a different kind. As the legislative history of the exemption indicates, its purpose is limited to exempting country elevators that market farm products, mostly grain, for farmers who are working long workweeks and need to have the elevator facilities open and available for disposal of their crops during the same hours that are worked by the farmers. (See 107 Cong. Rec. (daily ed.) p.5883.) The reason for the exemption does not justify its application to employees selling products and services to farmers otherwise than as an incidental and subordinate part of the business of a country elevator as commonly recognized. An establishment making such sales must be “such an establishment” to come within this exemption. An employer may, however, be engaged in the business of making sales of goods and services to farmers in an establishment separate from the one in which he provides the recognized country elevator services. In such event, the exemption of employees who work in both establishments may depend on whether the work in the sales establishment comes within another exemption provided by the Act. (See *Remington v. Shaw* (W.D. Mich.), 2 WH Cases 262, and infra, § 780.724.)

EMPLOYMENT OF “NO MORE THAN FIVE EMPLOYEES”

§ 780.712 Limitation of exemption to establishments with five or fewer employees.

If the operations of an establishment are such that it is commonly recognized as a country elevator, its employees may come within the section 13(b)(14) exemption provided that “no more than five employees are employed in the establishment in such operations”. The exemption is intended, as explained by its sponsor, to “affect