



February 22, 2023

Co-Chairs Sollman and Bynum and Members of the Joint Committee on Semiconductors:

Thank you for your strong leadership and commitment to expediting a policy and investment package that will position Oregon to compete nationally for the generational opportunities presented by the CHIPS and Science Act. Oregon's strength and leadership in semiconductor research and development makes Oregon a key partner in supporting our national security interests while positioning our state to create equitable economic opportunities for shared prosperity. While we support comprehensive action in this early policy and investment package, we write today to provide feedback on the limitations of an executive authority approach to the foundational issue of industrial land availability.

Senate Bill 4 contemplates how to address land use impediments currently having a limiting impact on semiconductor recruitment efforts as identified by the Task Force. It does so by vesting the executive with authority to create industrial land capacity that does not currently exist. The Joint Committee heard testimony from site selection experts that this process of creating industrial land capacity is not ideal. Executive authority could be a complementary option for bringing sites across Oregon into a competitive position for industry attraction; however, the current proposal as drafted will not address the needs of the state, nor will it address some of the specific statutory constraints currently facing Hillsboro's areas of opportunity. The following areas highlight the key concerns with the language as currently drafted:

- Site Certainty and Timing – Companies looking to invest in Oregon will be seeking predefined sites that have certainty of location, size, serviceability levels, and ability to be developed within timeframes to meet the needs of the business/project ahead of their selection. An executive authority approach needs to result in sites being designated ahead of active projects being identified, not once a project is identified. In addition, immediate certainty is needed to begin the land use planning, land aggregation, and infrastructure delivery needed to make sites development ready within an 18–24-month timeline. Sites should also not be fully limited by the size limitations stated in Section 10(5).
- Risk of Investment – Public and private entities will be highly reluctant to plan for and invest in sites, including infrastructure delivery and site aggregation, ahead of designation for urbanization (being within an urban growth boundary “UGB”). This reluctance will increase if there is a risk that the areas brought into the UGB via executive authority revert out of UGB designations as asserted in Section 11. The inability to plan for or invest in infrastructure and/or aggregation will also hinder the point about site certainty raised above.
- Confidentiality – Most large recruitment projects will be under non-disclosure agreements with high sensitivity around confidentiality of the company, site, project scope, and beyond, to protect their own business interests and competitive advantages. The projects are likely to be deterred due to additional components of public process as proposed in Section 10(4) as part of the site selection process.
- Simplicity of Process – Additional process elements will be viewed as a risk and make Oregon a less compelling option for companies compared to other states. Efforts should be taken to

ensure that any decision is made in a timely manner and with an expedited appeals process, or by eliminating appeals altogether.

- Time for Readiness – Lastly, the concept could be bolstered by considering the time needed to plan for infrastructure and establishment of other critical site readiness (infrastructure planning and delivery, site acquisition and aggregation, etc.) and incentive tools such as establishment of urban renewal areas, regionally significant industrial sites, enterprise zones, and other similar programs and tools.

Below are some proposed changes to enhance the executive authority as a complementary process to improve its effectiveness for communities across Oregon:

- Identify and designate sites of ample size for both fabrication campus uses, and supplier uses promptly upon passage.
- Remove the reversion clauses in Section 11.
- Remove the site limitations in Section 10(5).
- Make the Governor's decision permanent and final with either no appeals or appeals being expedited.
- Provide the Governor with maximum budgetary and state permitting authority to expedite funding and regulatory reviews to support:
  - Construction and funding of infrastructure and site aggregation (done ahead of or in parallel with business recruitment project).
  - Streamline site aggregation (authorize condemnation for aggregation of industrial land for this purpose).
  - Environmental permitting (done ahead of or in parallel with business recruitment projects, and then as part of the private development project once it is won and occurring on the site/in the state).
  - Ability to bring additional site readiness/infrastructure/facility construction funding incentives to specific projects as they are identified. (done ahead of or in parallel with business recruitment projects, and then as part of the private development project once it is won and occurring on the site/in the state).

Finally, Hillsboro is unique in that lands that would otherwise qualify for consideration as part of the proposed executive authority, such as contiguous to the urban growth boundary and entirely within 3 miles of the City's existing urban growth boundary, are statutorily prevented from being brought into the Urban Growth Boundary and/or within Urban Reserves. This is a result of legislation passed in 2014 and codified in *ORS 195.144*. These lands require specific legislative action to address these statutory limitations to allow urbanization of these areas and prepare them to attract the semiconductor and other advanced manufacturing industries. This statutory action must be taken in conjunction with any executive authority considerations as part of the semiconductor legislative package.

Sincerely,



Steve Callaway  
Mayor