



Main Office | 133 SW 2nd Ave, Ste 201 | Portland, OR 97204
Willamette Valley Office | 454 Willamette St, Ste 213 | Eugene, OR 97401
Southern Oregon Office | PO Box 2442 | Grants Pass, OR 97528

January 30, 2023

Dear Co-Chairs Sollman and Bynam and Members of the Joint Committee on Semiconductors,

For nearly 50 years, 1000 Friends of Oregon has worked with Oregonians to leverage the state's special and unique land use planning program to foster connected, vibrant, and beautiful cities and towns while protecting farms, forests, and iconic scenic areas from sprawl development and irreversible conversion.

We focus our land use policy research, advocacy, and enforcement to help achieve a number of statewide priorities. We research, advocate, and enforce land use policies to enable and accelerate housing production, preserve the viability of farms and forests, and increase the number of transportation options with benefits to our air, our congestion levels, public health, and household and community costs associated with road expansions. We also focus on land use policies, funding, and decisions to help communities reach their economic development goals (Land Use Planning Goal 9), such as the growth of the semiconductor industry.

1000 Friends is committed to using our land use planning program's tools to help this Subcommittee succeed in its stated goals. We are also committed to work with Oregonians to learn about local land use practices, success, and concerns about industrial land readiness efforts. Last month, 1000 Friends held a public event in Washington County focused on the Oregon Semiconductor Competitiveness Task Force report. We are grateful to the Port of Portland, Metro, Department of Land Conservation and Development (DLCD), State Representative Susan McLain, Save Helvetia, and the nearly 75 attendees who gathered to share critical updates on the Task Force's report and listen to questions and concerns from residents. We also held a virtual webinar focused on Goal 9's economic opportunity analysis, a forecasting requirement and tool to help plan for the future.

We generally agree, in large part, with the memorandum dated January 24 from Gresham Mayor Travis Stovall and Port of Portland Administrator Keith Leavitt to Co-Chairs Bynum and Sollman. We urge this Semiconductor Subcommittee to:

- **Direct the State's executive branch (DLCD) to work with sister state, regional, and local agencies and the public to complete a comprehensive statewide industrial lands inventory.** While there is a strong start to identifying sites, without a statewide public involvement process, this Subcommittee will most likely be missing opportunities for site selection, especially in areas outside the greater Portland area.
- **Support the legislative concepts proposed by DLCD (POP 207) and Business Oregon (LC 357) to equip communities with the site readiness tools to create and protect industrial land.** We encourage dedicated funding towards these concepts. We



also urge the State to place conditions on how this land must be used: for semiconductor facilities.

- **Create a strategic manufacturing fund within Business Oregon as part of the State's Industrial Site Readiness Program (RSIS).** The Fund should be co-managed by DLCD's Economic Development Strategy with regular reporting to the Economic Development Subcommittee on achievements and lessons learned. Again, the conditions should focus on the semiconductor industry: creating high-wage, quality, local jobs and leveraging the federal funding in the CHIPS and Science Act.

We disagree with the January 24's memorandum's bullet point #4 to sidestep the urban-rural reserves process, disregard the Grand Bargain (HB 4078, 2014), and dedicate so much of the limited staff time and public dollars to "key sites identified in North Plains and Hillsboro."

Rather, to 1000 Friends, Bullet Point #4 illustrates the need for the Subcommittee to support Bullet Point #1, 2, and 3 this session before acting on something so specific in geography. We urge this Subcommittee to pause on taking action on Bullet Point #4 for the following reasons:

- Without a full, complete inventory (Bullet Point #1), this Subcommittee may miss key sites in areas with higher levels of readiness compared to productive farmland outside the urban growth boundary. Because the whole state will be contributing to the package that Oregon puts together, we recommend looking at how to ensure more parts of the state benefit. For example, sites in the eastern part of the Metro area, central Oregon, mid-Willamette Valley, and the Rogue Valley should be looked to for supporting the siting of these manufacturing plants. In the Rogue Valley, there is an existing industrial parcel along I-5, of 590 contiguous acres, with approximately 425 acres under single ownership, all inside an UGB, and designated for employment through a regional consensus process.
- Without a flexible investment strategy (Bullet Points #2 and 3), Business Oregon and public agencies may spend taxpayer funding on sites that do not become semiconductor facilities with high-wage jobs or uses eligible for the federal funding authorized by the CHIPS and Science Act. They also may miss retrofit opportunities of existing sites. For example, Analog, located in Beaverton, recently announced it is going to invest \$1 billion in its **existing** facility to manufacture chips. OSU has existing synergistic relationships with HP. In contrast, larger manufacturers like Intel are reporting sharp declines in quarterly revenues and are issuing large layoffs. (Intel just reported a 32% drop in sales this quarter and therefore is cutting costs by \$3 billion this year alone.)
- Without a focused investment strategy based on a complete statewide inventory (Bullet Points #1, 2, and 3), we risk taking a scattershot approach, spending down public



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funding and financing while not making industrial land ready for the semiconductor industry. We must **right-size** our land acquisition with the **funding** Oregon has available to make the land ready, build necessary infrastructure, provide financial incentives, and all the rest of the components in the state package to be successful in durable growth of the state's semiconductor industry.

- Bullet Point #4 does not mention or account for the year-over-year costs from choosing to sacrifice some of the world's most productive soils stewarded by Washington County farmers. It is no accident that agriculture remains a strong pillar of Oregon's economy (approximately \$50 billion annual economic impact); it is because elected officials and agencies protected and supported farmers from rushed development and conversions. We do not need to pit tech against agriculture.

We believe that Bullet Points 1, 2, and 3 will help Oregon remain a top-level competitor not only in the semiconductor industry, but also in the agricultural, food, and fiber industry. Thank you for your consideration of an alternative approach.

Sincerely,

Sam Diaz
Executive Director