

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 4 - 9**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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**Measure Description:**

Directs Oregon Business Development Department to develop grant and loan program to support businesses applying for financial assistance under Creating Helpful Incentives to Produce Semiconductors for America Act of 2022 (P.L. 117-167).

**Government Unit(s) Affected:**

Bureau of Labor and Industries, Burns Paiute Tribe, Cities, Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, Confederated Tribes of Grand Ronde, Confederated Tribes of Siletz, Confederated Tribes of Umatilla Indian Reservation, Confederated Tribes of Warm Springs, Coquille Indian Tribe, Counties, Cow Creek Band of Umpqua Indians, Department of Justice, Department of Land Conservation and Development, Department of Revenue, Higher Education Coordinating Commission, Judicial Department, Klamath Tribes, Office of the Governor, Oregon Business Development Department, Oregon Health Sciences University, Special Districts Association of Oregon

**Analysis:**

This fiscal impact statement is for the purpose of transmitting the measure from the Joint Committee on Semiconductors to the Joint Committee on Ways and Means.

This measure directs the Oregon Business Development Department (OBDD) to develop a program to award grants and make loans of up to \$25 million to businesses applying for federal semiconductor financial assistance. Grants and loans may be used for development of sites for semiconductor or other advanced manufacturing facilities; research and development with respect to semiconductors and advanced manufacturing; or partnering with institutions of higher education, for workforce development and training, certified apprenticeship, and internship opportunities, with respect to semiconductors and advanced manufacturing.

The Governor may approve grants or loans of more than \$25 million with legislative approval, although what constitutes legislative approval is not defined in this measure. Loans are for a term of up to five years at zero interest. In addition to grants and loans, businesses may be awarded application assistance grants of up to \$15,000 for the costs to prepare and submit an application for federal semiconductor financial assistance. Funding for these grants may come from moneys in the newly established Oregon CHIPS fund, or any other source of funding available for that purpose to OBDD or the Governor.

OBDD is to prescribe an application process and must make preliminary decisions on applications received within 30 days of receipt. The Governor will then review applications within 30 days and make a final decision. Decisions of the Governor are not subject to appeal.

Further Analysis Required

For every \$1 million provided as a grant or loan, the recipient business must create a certain number of permanent full-time jobs in Oregon that pay at least the average median income for that region of the state; or generate at least \$1.5 million in state and local revenue, as defined in the grant or loan agreement by OBDD and the recipient business. Recipient businesses are to report to OBDD every six months on their application for federal semiconductor financial assistance, and progress on the projects funded by the grant or loan. OBDD is to submit a report by September 15 of each year to the interim committees of the Legislative Assembly related to economic development on information received.

Recipient businesses must pay back the full amount of the grant or loan immediately under certain circumstances, and the amounts slated for repayment are considered liquidated and delinquent and are to be assigned to the Department of Revenue (DOR) for collection. OBDD may add 20 percent of the principal, plus any interest and fees associated with DOR collections, as penalties if a business willfully misrepresents or misreports material facts related to the grant or loan.

Loan repayments and any penalties or charges are either to be transferred to the Oregon CHIPS Fund, if received during the 2023-25 biennium; or to the Oregon Rainy Day Fund if payment is made after the end of the biennium. Moneys in the Oregon CHIPS Fund are continuously appropriated to OBDD to enact and administer the grant and loan programs under this measure. Moneys remaining in the Fund after June 30, 2025, are transferred to the Oregon Rainy Day Fund.

The measure appropriates \$210 million to OBDD out of the Oregon Rainy Day Fund, with \$200 million for deposit in the Oregon CHIPS Fund, and \$10 million for deposit in the University Innovation Research Fund. Moneys in the University Innovation Research Fund are continuously appropriated to OBDD to make grants to public universities, or to the Oregon Health and Science University for the purpose of matching competitive federal research grant awards.

The portions of the measure related to the grant and loan program sunset on January 2, 2032.

The measure next states that on or before June 30, 2024, the Governor may, by executive order, bring two to six sites within an existing urban growth boundary to provide land for industrial uses related to the semiconductor industry or advanced manufacturing. The Governor must conduct a public meeting and accept public comments related to this decision, and approve a plan by the owners of the land and each local government with jurisdiction over the land to rezone and develop the land within 18 months after the executive order was issued. No later than six months after the executive order, each local government with jurisdiction over the lands may amend its comprehensive plan or enact or amend any land use regulation to allow the use of the land for industrial uses. These lands will be removed from the urban growth boundary unless the land has been incorporated or development substantially completed before June 30, 2027. The portions of the measure related to the urban growth boundary expansions sunset January 2, 2028.

This measure declares an emergency and takes effect on passage.

A more complete fiscal analysis on the measure will be prepared as the measure is considered in the Joint Committee on Ways and Means.

Further Analysis Required