

# Senate Bill 4

Sponsored by Senator SOLLMAN, Representative BYNUM, Senator KNOPP, Representative WALLAN

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

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). Provides that program be administered jointly by department and Governor.

Allows Governor to designate certain lands to be brought within urban growth boundaries for specified industrial uses. Allows local governments to rezone lands for such uses by ordinance.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to economic development; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) As used in sections 1 to 6 of this 2023 Act:**

5 (a) "Covered entity" has the meaning given that term by 15 U.S.C. 4651(2).

6 (b) "Covered incentive" has the meaning given that term by 15 U.S.C. 4651(3).

7 (c) "Federal semiconductor financial assistance" means assistance available under the  
8 program established pursuant to 15 U.S.C. 4652(a)(1) for financial assistance to the semicon-  
9 ductor industry.

10 (d) "Program grants and loans" means grants awarded and loans made under the pro-  
11 gram developed by the department pursuant to this section.

12 (2)(a) The Oregon Business Development Department shall develop a program to award  
13 grants and make loans from moneys in the Semiconductor and Advanced Manufacturing  
14 Opportunity Fund established under section 6 of this 2023 Act to businesses applying for  
15 federal semiconductor financial assistance.

16 (b)(A) The program shall be administered by the department and the Governor as set  
17 forth in this section.

18 (B) Notwithstanding the duties and powers conferred respectively on the department and  
19 the Governor under sections 1 to 6 of this 2023 Act, the department and the Governor may  
20 consult each other with respect to any duty or power so conferred.

21 (c) It is the intention of the Legislative Assembly that program grants and loans be  
22 treated by the U.S. Secretary of Commerce as covered incentives for purposes of the federal  
23 semiconductor financial assistance program.

24 (3) Program grant and loan proceeds may be used solely for activities undertaken in  
25 connection with the federal semiconductor financial assistance program and:

26 (a) The development of a site for a semiconductor or other advanced manufacturing fa-  
27 cility, including, but not limited to, the acquisition and aggregation of land;

28 (b) Research and development with respect to semiconductors and advanced manufac-

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 turing; or

2 (c) Partnering with institutions of higher education, including, but not limited to, his-  
3 torically Black colleges and universities, for the purpose of workforce development and the  
4 creation of training, certified apprenticeship and internship opportunities, with respect to  
5 semiconductors and advanced manufacturing.

6 (4)(a) A business that is a covered entity may apply to the department under section 2  
7 of this 2023 Act for a program grant or loan.

8 (b)(A) Except as provided in subparagraph (B) of this paragraph, program grants and  
9 loans may not be awarded or made to any applicant in an amount greater than \$25 million.

10 (B) The Governor may make a final decision to approve a program grant or loan under  
11 section 3 of this 2023 Act in an amount greater than \$25 million only with legislative ap-  
12 proval.

13 (c)(A) Program loans may be made for a term not to exceed five years as negotiated by  
14 the department with the business in the loan agreement and, except as provided in section  
15 5 (3) of this 2023 Act, at a zero rate of interest.

16 (B) All amounts received by the department in repayment of a program loan shall be  
17 transferred to:

18 (i) If received on or before June 30, 2025, the Semiconductor and Advanced Manufacturing  
19 Opportunity Fund established under section 6 of this 2023 Act.

20 (ii) If received on or after July 1, 2025, the Oregon Rainy Day Fund established under  
21 ORS 293.144.

22 (d) Proceeds from a program grant or loan may be distributed in a single payment or in  
23 multiple, conditional payments, as specified in the program grant or loan agreement.

24 (e) For every \$1 million in program grant or loan proceeds received, the recipient busi-  
25 ness must, over the period of the grant or loan agreement, attain one of the following:

26 (A) The creation of at least \_\_\_\_\_ new permanent full-time jobs in Oregon that pay on  
27 average at least the average median income for the region of this state in which the services  
28 will be performed.

29 (B) The generation of at least \$1.5 million in state and local revenue. The department and  
30 the recipient business may specify in the program grant or loan agreement what the term  
31 "revenue" includes.

32 (f)(A) In addition to program grants and loans, an application assistance grant, in an  
33 amount not to exceed \$15,000, may be awarded to a business whose application is approved  
34 under section 3 of this 2023 Act, for the costs of preparing and submitting the business's  
35 application for federal semiconductor financial assistance.

36 (B) Application assistance grants may be made from moneys in the fund or from any  
37 other source of funding available for such purpose to the department or the Governor.

38 **SECTION 2.** (1)(a) The Oregon Business Development Department shall prescribe an ap-  
39 plication process, including forms and deadlines, by which businesses may apply under this  
40 section for program grants and loans.

41 (b) At a minimum, the application form must require the applicant business to:

42 (A) Establish its eligibility to be treated by the U.S. Secretary of Commerce as a covered  
43 entity;

44 (B) Include its draft application for federal semiconductor financial assistance;

45 (C) Explain how the proposed activities of the business comply with the requirements of

1 the federal semiconductor financial assistance program;

2 (D) State the amount of program grant or loan proceeds sought under this section along  
3 with a detailed description of the proposed expenditure of the proceeds;

4 (E) If the application includes a request for an application assistance grant, state the  
5 amount of the application assistance grant sought and demonstrate the business's need for  
6 the application assistance grant;

7 (F) Explain how the applicant will meet the requirement under section 1 (4)(e) of this 2023  
8 Act, setting forth at a minimum:

9 (i) For job creation, such information as the number, job descriptions, pay scale and lo-  
10 cations of the proposed jobs; or

11 (ii) For state and local revenue, such information as the kinds, amounts and timing of  
12 the revenue to be generated;

13 (G) Include any other information that the department or the Governor considers nec-  
14 essary or important for review of the application; and

15 (H) Sign the application through an authorized director, officer, employee or agent under  
16 penalties for false swearing.

17 (2)(a) Upon request, the department may consult with a business about the business's  
18 application, before or after submission.

19 (b) A business may amend and resubmit its application at any time within the application  
20 period.

21 (3) Trade secrets, as defined in ORS 646.461, that are submitted to the department as part  
22 of an application under this section shall be exempt from disclosure under ORS 192.311 to  
23 192.478 until January 1, 2027.

24 **SECTION 3.** (1)(a) The Oregon Business Development Department shall perform a pre-  
25 liminary review of all timely and complete applications.

26 (b) Within 30 days following receipt of an application, the department shall:

27 (A) Approve the application;

28 (B) Approve the application for a program grant or loan, or application assistance grant,  
29 in an amount other than the amount requested; or

30 (C) Reject the entire application or only the request for an application assistance grant.

31 (c) As soon as practicable after making a decision about an application under this sub-  
32 section, the department shall forward the application and the department's preliminary de-  
33 cision to the Governor.

34 (2)(a) Within 30 days following receipt of an application forwarded by the department, the  
35 Governor shall review the application.

36 (b) Upon review, the Governor shall make a final decision to:

37 (A) Affirm the department's approval or rejection;

38 (B) Affirm the department's approval for a program grant or loan, or application assist-  
39 ance grant, in an amount other than the amount approved by the department; or

40 (C) Reverse the department's approval or rejection, which may include changing the  
41 amount of a program grant or loan or application assistance grant, as applicable, or revers-  
42 ing only the decision whether to award an application assistance grant.

43 (c) In accordance with section 1 (4)(b) of this 2023 Act, the Governor shall seek legislative  
44 approval for any program grant or loan amount greater than \$25 million.

45 (d) The final decisions of the Governor are not subject to appeal.

1       **(3) In approving applications and setting program grant and loan amounts, the depart-**  
2 **ment and the Governor shall give preference to:**

3       **(a) Projects that will promote the long-term economic viability of the semiconductor in-**  
4 **dustry in Oregon, including research and development, manufacturing and other critical**  
5 **links in the semiconductor supply chain;**

6       **(b) Projects that will promote and extend Oregon's leadership in the field of technology;**

7       **(c) Projects that will attract manufacturing jobs to Oregon;**

8       **(d) Projects that will secure supply in Oregon for critical sectors of the state economy;**

9       **(e) Applicant businesses that have at least 10 full-time employees in Oregon;**

10       **(f) Applicant businesses that have formed partnerships for the purpose of workforce de-**  
11 **velopment or the creation of training, certified apprenticeship or internship opportunities;**

12       **(g) Applicant businesses that commit to creating a greater number of new permanent**  
13 **full-time jobs to meet the requirement under section 1 (4)(e) of this 2023 Act;**

14       **(h) Applicant businesses that commit to generating a greater amount of state and local**  
15 **revenue to meet the requirement under section 1 (4)(e) of this 2023 Act;**

16       **(i) Applications that propose projects described in 15 U.S.C. 4652(a)(2)(B)(i) that will in-**  
17 **corporate significant participation by businesses owned by members of underrepresented**  
18 **communities and economically disadvantaged individuals; and**

19       **(j) Applications that, taken together, represent regional diversity in Oregon.**

20       **(4)(a) As soon as practicable after making a final decision under subsection (2) of this**  
21 **section, the Governor shall return the application to the department with notice of the final**  
22 **decision and the reasons for the decision.**

23       **(b) Upon receipt of the Governor's notice, the department shall:**

24       **(A) Notify the applicant of the final decision and the reasons for the decision; and**

25       **(B) For an approved application, offer to the applicant a program grant or loan agree-**  
26 **ment and, if applicable, an application assistance grant.**

27       **(c) Upon entering into a program grant or loan agreement with the applicant business,**  
28 **the department shall distribute to the business from the Semiconductor and Advanced**  
29 **Manufacturing Opportunity Fund established under section 6 of this 2023 Act the amount set**  
30 **forth in the agreement.**

31       **(5)(a) If a business that has entered into an agreement pursuant to this section changes**  
32 **ownership during the term of the agreement, the department, in consultation with the Gov-**  
33 **ernor, may allow the continued use of the program grant or loan proceeds provided the**  
34 **business enters into a new agreement with the department that commits the business to**  
35 **continuing the project as proposed in the application approved under this section.**

36       **(b) In the new agreement, the department may agree to minor changes in the terms of**  
37 **the original agreement that the department, in consultation with the Governor, considers**  
38 **reasonable in the circumstances and faithful to the purpose for which the business's appli-**  
39 **cation was approved.**

40       **SECTION 4. (1) At least once every six months following the date on which a business**  
41 **enters into a program grant or loan agreement with the Oregon Business Development De-**  
42 **partment under section 3 of this 2023 Act, for as long as the agreement is in effect, the**  
43 **business shall report to the department the following:**

44       **(a) The status of the business's application for federal semiconductor financial assist-**  
45 **ance;**

1 (b) Progress on the project to construct, expand or modernize the facility for which the  
 2 grant was awarded or the loan made, including, but not limited to, the acquisition or aggre-  
 3 gation of land and the status of the permits required for the project;

4 (c) Information regarding:

5 (A) The new permanent full-time jobs created by the project in accordance with section  
 6 1 (4)(e)(A) of this 2023 Act, setting forth at a minimum the number, job descriptions, pay  
 7 scale and locations of the jobs, as well as of any proposed jobs yet to be created; or

8 (B) The state and local revenue generated in accordance with section 1 (4)(e)(B) of this  
 9 2023 Act, setting forth at a minimum the kinds, amounts and timing of the revenue gener-  
 10 ated, as well as of any proposed revenue yet to be generated;

11 (d) Any research and development work conducted with respect to semiconductors or  
 12 advanced manufacturing;

13 (e) Any partnerships the business has engaged in with institutions of higher education  
 14 or regional workforce programs for the purpose of workforce development and the creation  
 15 of training, certified apprenticeship and internship opportunities;

16 (f) The status of any other consideration for which the business's application was given  
 17 preference under section 3 (3) of this 2023 Act;

18 (g) The economic impact of the project on businesses in this state, including, but not  
 19 limited to, the impact on supply chains;

20 (h) The economic and environmental impact of the project on communities in this state;  
 21 and

22 (i) Any other information required by the department or the Governor.

23 (2) Not later than September 15 of each year in which any program grant or loan agree-  
 24 ment remains in effect, the department shall submit, in the manner required under ORS  
 25 192.245, a report summarizing the information received from businesses pursuant to sub-  
 26 section (1) of this section, to the interim committees of the Legislative Assembly related to  
 27 economic development.

28 **SECTION 5.** (1)(a) A business that received a program grant or loan, including an appli-  
 29 cation assistance grant, shall become liable for immediate repayment of the full amount of  
 30 the grant or the outstanding principal amount of the loan, if:

31 (A) The business has not begun, on or before January 1, 2027, the process of applying for  
 32 permits required for the project for which the grant was awarded or the loan made;

33 (B) The project changes substantially from the project for which the business's applica-  
 34 tion was approved such that the project would not have been eligible for the program grant  
 35 or loan;

36 (C) The business has not created the new permanent full-time jobs, or generated the  
 37 state and local revenue, in fulfillment of the requirement under section 1 (4)(e) of this 2023  
 38 Act, on or before the earlier of a date, if any, specified in the program grant or loan agree-  
 39 ment or January 1, \_\_\_\_\_;

40 (D) The business has not complied with all environmental standards applicable to the  
 41 project under law or has not cured its noncompliance within a reasonable time, as deter-  
 42 mined by the Oregon Business Development Department; or

43 (E) The business has not complied with all labor standards applicable to the project under  
 44 law or the program grant or loan agreement or has not cured its noncompliance within a  
 45 reasonable time, as determined by the department.

1 (b) If a project is suspended for a reason beyond the control of the business, the amount  
2 to be repaid shall be in proportion to the percentage of the project that has not been com-  
3 pleted at the time of suspension, as determined by the department.

4 (2) Any and all amounts required to be repaid under this section shall be considered to  
5 be liquidated and delinquent, and the Oregon Business Development Department shall assign  
6 such amounts to the Department of Revenue for collection as provided in ORS 293.250.

7 (3) If the Oregon Business Development Department discovers that a business willfully  
8 made a false statement or misrepresentation, or willfully failed to report a material fact, to  
9 obtain a program grant or loan, or an application assistance grant, under sections 1 to 6 of  
10 this 2023 Act, the Oregon Business Development Department may add to the amount the  
11 business is obligated to repay a penalty not to exceed 20 percent of the principal amount of  
12 the program grant or loan so obtained, plus any applicable interest and fees associated with  
13 the Department of Revenue's costs of collection.

14 (4) Subject to ORS 293.250, all amounts repaid to the Oregon Business Development De-  
15 partment or the Department of Revenue under this section, including award amounts, pen-  
16 alties, interest, fees and any other charges, shall be transferred to:

17 (a) If received on or before June 30, 2025, the Semiconductor and Advanced Manufactur-  
18 ing Opportunity Fund established under section 6 of this 2023 Act.

19 (b) If received on or after July 1, 2025, the Oregon Rainy Day Fund established under ORS  
20 293.144.

21 **SECTION 6.** (1) The Semiconductor and Advanced Manufacturing Opportunity Fund is  
22 established in the State Treasury, separate and distinct from the General Fund. Interest  
23 earned by the Semiconductor and Advanced Manufacturing Opportunity Fund shall be cred-  
24 ited to the fund.

25 (2) Moneys in the fund shall consist of:

26 (a) Amounts appropriated or otherwise transferred or credited to the fund by the Legis-  
27 lative Assembly;

28 (b) Earnings received on moneys in the fund; and

29 (c) Other moneys, or proceeds of property, from any public or private source that are  
30 transferred, donated or otherwise credited to the fund.

31 (3) Moneys in the Semiconductor and Advanced Manufacturing Opportunity Fund are  
32 continuously appropriated to the Oregon Business Development Department for the following  
33 purposes:

34 (a) Paying the actual costs incurred by the department in developing and administering  
35 sections 1 to 6 of this 2023 Act; and

36 (b) Carrying out the provisions of sections 1 to 6 of this 2023 Act.

37 (4) Moneys in the Semiconductor and Advanced Manufacturing Opportunity Fund on June  
38 30, 2023, shall be retained in the fund, and used for the purposes set forth in subsection (3)  
39 of this section, until June 30, 2025.

40 (5) Any moneys remaining in the Semiconductor and Advanced Manufacturing Opportu-  
41 nity Fund on June 30, 2025, shall be transferred to the Oregon Rainy Day Fund established  
42 under ORS 293.144.

43 **SECTION 7.** Sections 1 to 6 of this 2023 Act are repealed on January 2, 2032.

44 **SECTION 8.** Notwithstanding ORS 293.144, there is appropriated to the Oregon Business  
45 Development Department, for the biennium ending June 30, 2023, out of the Oregon Rainy

1 Day Fund, the amount of \$210,000,000 to be distributed as follows:

2 (1) \$200,000,000 for deposit in the Semiconductor and Advanced Manufacturing Opportu-  
 3 nity Fund established under section 6 of this 2023 Act, to be used for the purpose of carrying  
 4 out the provisions of sections 1 to 6 and 10 of this 2023 Act; and

5 (2) \$10,000,000 for deposit in the University Innovation Research Fund established under  
 6 ORS 285A.230, to be used for any purpose related to economic development for which moneys  
 7 in the University Innovation Research Fund may be used.

8 **SECTION 9.** Sections 10 and 11 of this 2023 Act are added to and made a part of ORS  
 9 197.286 to 197.314.

10 **SECTION 10.** (1) On or before June 30, 2024, the Governor may, by executive order, bring  
 11 within an existing urban growth boundary designated lands for the purposes of providing  
 12 lands available for industrial uses that relate to the semiconductor industry, advanced man-  
 13 ufacturing or the supply chain for semiconductors or advanced manufacturing.

14 (2) Lands designated by an executive order under this section must be within a site that  
 15 consists of one or more tracts of land that are:

16 (a) Contiguous to the city’s existing urban growth boundary; and

17 (b) Entirely within three miles of the city’s existing urban growth boundary.

18 (3) In designating sites under this section, the Governor shall give consideration to the  
 19 Cities of Albany, Boardman, Corvallis, Gresham, Happy Valley, Hillsboro, McMinnville,  
 20 Medford, Newport, North Plains, Redmond, Scappoose, Sherwood, The Dalles, Tualatin and  
 21 Wilsonville.

22 (4) Before issuing an executive order under this section, the Governor shall:

23 (a) Conduct one public meeting, in coordination with the city nearest to the site and each  
 24 county in which the site is located, to be held in that city for the purpose of discussing  
 25 bringing within the urban growth boundary the lands or potential lands;

26 (b) Accept public comments for a period of no fewer than 20 days following the public  
 27 meeting in paragraph (a) of this subsection; and

28 (c) Approve a plan by the owners of the land and each local government with jurisdiction  
 29 over the land to rezone the land under subsection (7) of this section and to develop the land,  
 30 within 18 months after the date on which the executive order is issued, for industrial uses  
 31 under subsection (1) of this section.

32 (5) The Governor may designate up to a maximum of:

33 (a) Two sites, if the largest site is greater than 500 acres;

34 (b) Four sites, if the largest site is greater than 100 acres but does not exceed 500 acres;

35 or

36 (c) Six sites, if no site is greater than 100 acres.

37 (6) Notwithstanding any other provision of ORS 197.286 to 197.314 or ORS 197.626 or any  
 38 statewide land use planning goal, lands designated in an executive order under this section  
 39 are considered within the acknowledged urban growth boundary, as described in ORS chapter  
 40 197, as of the date of the executive order.

41 (7) No later than six months following the entry of an executive order under this section,  
 42 each local government with jurisdiction over the lands may, notwithstanding any statewide  
 43 planning goals or ORS 215.431 or 227.188 or chapter 197, amend its comprehensive plan or  
 44 enact or amend any land use regulation to allow the use of the land for industrial uses under  
 45 subsection (1) of this section provided that:

1 (a) The enactment or amendment is passed by an ordinance of the governing body of the  
2 county after a public hearing; and

3 (b) A copy of the ordinance is delivered to the Land Conservation and Development  
4 Commission within 14 days after passage.

5 **SECTION 11.** Land brought within an acknowledged growth boundary under section 10  
6 of this 2023 Act shall be removed from the urban growth boundary unless, on or before June  
7 30, 2027:

8 (1) Development of the land has been substantially completed; or

9 (2) The land has been incorporated within an urban growth boundary under ORS 197.286  
10 to 197.314 or 197A.300 to 197A.325 and has been reviewed under ORS 197.626.

11 **SECTION 12.** Sections 10 and 11 of this 2023 Act are repealed on January 2, 2028.

12 **SECTION 13.** This 2023 Act being necessary for the immediate preservation of the public  
13 peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect  
14 on its passage.  
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