



February 6, 2023

Co-Chair Senator Janeen Sollman
Co-Chair Representative Janelle Bynum
Joint Committee on Semiconductors
Oregon State Legislature
900 Court Street
Salem, Oregon 97301

Co-Chairs Sollman and Bynum for the record I'm Jim McCauley Legislative Director representing Oregon's 241 cities for the League of Oregon Cities.

I want to thank you for the opportunity to address the Joint Semiconductor Committee this evening and offer support for the work that can help secure a long-term footprint for Oregon's semiconductor industry.

While I'm representing the League this evening, I would be remiss to not mention the value presented to Oregon from the Strategic Investment Program, (SIP) for short. In my former career I represented Washington County where I was fortunate to be part of the effort that secured a 30-year \$100 billion investment to Washington County. The scale and scope of this investment was significant to the County and City of Hillsboro, because of the long-term, immediate impact to the footprint of the investment.

The value of this investment is enjoyed statewide, not just in the income tax revenue generated, but because of the continued investment from other businesses who located in Oregon, or those able to reinvest in their machine shop or tool and die operation. I believe there has also been significant value statewide value considering the indirect value.

Think about the university system which has benefited from the investments in semiconductor operations in Oregon. Certainly OSU, PSU, and Oregon Tech have benefited, because they are producing excellent engineers including my son who before he graduated from Portland State had his name on a published research paper with a large semiconductor facility in Washington County. The University of Oregon and the rest of the university system have all benefited as well, because they are producing high-quality students that fit within business template for the semiconductor industry. Community colleges have also played a role with structuring program offerings to meet the demands at the local level.

My point with this background is to illustrate the benefits of investing in the semiconductor cluster go well beyond the immediate footprint of the manufacturing site. The scale of the investment for the semiconductor package could be generational for Oregon and help bring the state closer to being a full partner with local governments, which have carried a significant amount of the weight in previous investments.

One final element I want to bring forward is the connection to other economic development incentives being discussed this session, Sunset extension covering three Enterprise Zone bills, SB 133, 134 and 135. Extending sunsets in addition to an expected funding and policy package in combination will send a strong message to the federal government and our federal delegation that Oregon is ready and willing to make long-term investments.

A legislative package from the JCS is expected, and it will hopefully include additional investments in:

- 1) **Research & Development:** R&D research is one of Oregon's recognized strengths with the most advanced R&D facility in the world right in Hillsboro at Intel's site.
- 2) **Talent:** Access to premier talent and a robust, private sector-led innovation ecosystem separates Oregon from others.
- 3) **Land:** To have success, Oregon will need to find buildable industrial land. Without land it will be difficult to find long-term success.
- 4) **Incentives:** Most of the incentives available for businesses in Oregon rely heavily on local governments and reduced property taxes. To move forward, Oregon will need to be more active and identify funding that will help leverage the investments.
- 5) **Regulation:** Oregon will need to evaluate the existing regulatory structure and look for opportunities that can create efficiency and streamline the citing process.

Sincerely,

Jim McCauley
Legislative Director
League of Oregon Cities