Potential Semiconductor Campus Expansion

State and Local Impacts

Hillsboro OREGON

Introduction

Oregon's robust semiconductor and advanced manufacturing industries have centered in Hillsboro since the 1980s. Anchored by Intel, Hillsboro is a major economic and employment center recognized globally for its innovation and concentration of high-tech industries, advanced manufacturing, and associated supply chains.

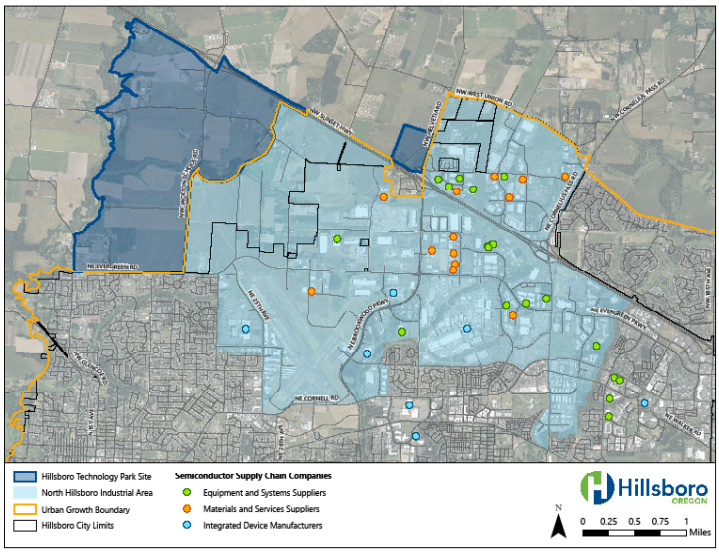
The passage of the Federal CHIPS & Science Act—aimed at onshoring and expanding semiconductor and related manufacturing in the United States—has created a once-in-a-generation opportunity to build equitable economic prosperity throughout Oregon.

It is critical for Oregon to successfully capitalize on this opportunity due to the semiconductor industry's high productivity and compensation, its importance to the future global economy, and its potential to catalyze prosperity across various industries and across the supply chain.

Four decades of experience, and a proven record of success in cultivating, attracting, and expanding a supportive advanced manufacturing and semiconductor ecosystem, makes Hillsboro the foremost location for additional large-scale investments.

Key lands, adjacent to the existing North Hillsboro Industrial Area, were specifically identified by Senate Bill 4 as areas eligible to make large sites development-ready in order to respond to strategic opportunities. The Hillsboro Technology Park Site (HTPS) was included for its potential to efficiently provide industry-scale infrastructure and critically needed land for the supply chain required to support the existing industry base, as well as potential new large campuses.

The HTPS and Hillsboro's Existing Semiconductor Cluster



Source: City of Hillsboro

As one of the largest and most mature semiconductor centers in the United States, Hillsboro is uniquely qualified to deliver on state economic prosperity objectives and position Oregon to earn billions of dollars in semiconductor investments.

The City of Hillsboro has conducted preliminary planning to inform potential UGB expansion into this area. This planning will create a roadmap that will bring together public and private sectors to diversify and strengthen the regional and state economy for decades to come. The City worked with Jacobs to estimate development potential and create development scenarios for the semiconductor industry within the HTPS, and contracted with ECOnorthwest to model the potential economic and fiscal impacts of two of these development scenarios. This brief explores the findings of this analysis.

Hillsboro Technology Park Site Semiconductor Industry Development Potential

The HTPS consists of 1,800 acres of vacant land, contiguous to the Urban Growth Boundary and adjacent to the Hillsboro Industrial Area. Infrastructure can be efficiently extended from the Hillsboro Industrial Area to serve the HTPS. If brought into the Urban Growth Boundary, initial phases of this site could be readily developable within a short timeframe. Over time, the area could accommodate a dense mix of semiconductor manufacturers, advanced manufacturing, and supplier uses that would bolster the state's economy and ensure Oregon's continued national leadership in semiconductor and high-tech manufacturing.

The HTPS is envisioned to develop with two Integrated Device Manufacturer (IDM) campus/ fabricators along with a mix of suppliers. The scale of the potential campuses and location relative to the existing industry cluster could draw cutting-edge research and development (R&D) facilities and fabricators building the latest technology. Even if the area ultimately does not attract a major IDM campus, it could accommodate a substantial cluster of advanced manufacturing and supply chain businesses.

This economic and fiscal impact analysis is based on an estimate of the development that could occur within a 20-year period following approval under two alternative scenarios (with and without major IDM campuses), based on recent industry trends from publicly available information and discussions with industry stakeholders. (Analysis by Jacobs and others suggests the maximum development potential of the site could be even higher than modeled within the 20-year horizon.) Both scenarios assume that infrastructure construction and development of the areas closest to the current UGB could start immediately following approval, such that production facilities could be operational within five years of approval or less, with phased expansions and development in other areas over time.

North Hillsboro Industrial Visioning Perspective

Source: Mackenzie

SCENARIO 1
Semiconductor Campuses with Suppliers

Two IDM Campus/Fabricators:

- **9.6 million sf** stand-alone campus (6 mods plus administrative and support buildings)
- **7 million sf** (4 mods plus support buildings)

8.5 million sf of suppliers

1.5 million sf of small manufacturers

SCENARIO 2
Advanced Manufacturing/Supply Chain Cluster

4.1 million sf of advanced manufacturing

23.2 million sf of suppliers

Potential State Economic Impacts

Direct Tax Revenue

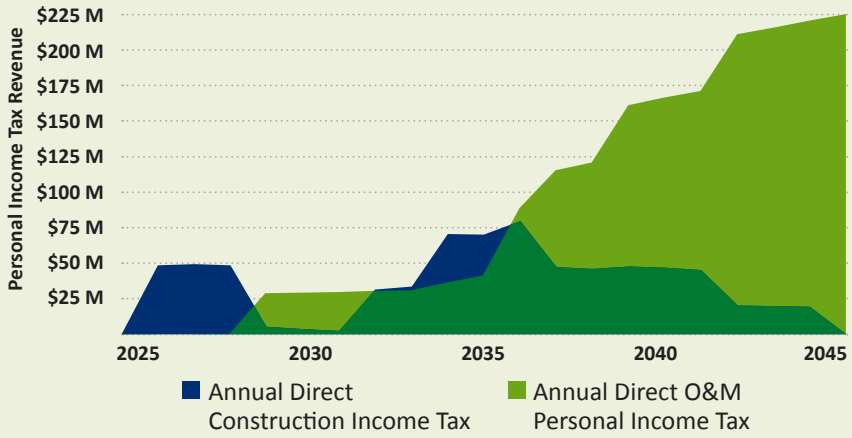
The HTPS could generate revenue for the state through the personal income taxes paid by employees as well as taxes and fees paid by businesses. While corporate excise tax revenues are difficult to predict, the personal income taxes associated with the future on-site operations employees and the construction workers who would build the facilities would be substantial over a 20-year period.

Direct State Tax Revenue, 2025-2045

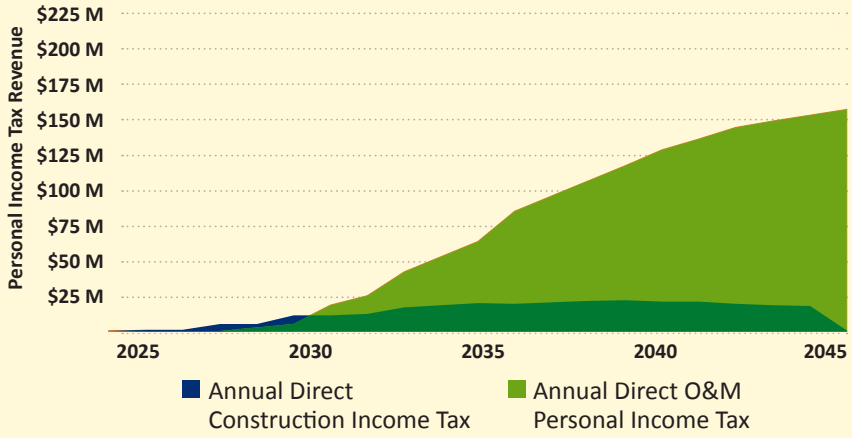
	SCENARIO 1	SCENARIO 2
CUMULATIVE Direct Personal Income Tax Revenue over 20 years (total)	**$2.6B**	**$1.5B**
On-site operations jobs	$1.9B	$1.3B
Construction jobs	$735M	$238M
ANNUAL Direct Personal Income Tax Revenue in 2045	**$225M**	**$134M**

Direct State Tax Revenue, 2025-2045

Scenario 1: Semiconductor Campuses with Suppliers



Scenario 2: Advanced Manufacturing/Supply Chain Cluster



Potential Employment Growth

Direct HTPS Employment Growth

A major employment cluster within the HTPS could translate to tens of thousands of on-site jobs and substantial construction employment during the buildout period.

DIRECT HTPS Employment Growth	SCENARIO 1	SCENARIO 2
On-site operations jobs in 2045	**35,600**	**26,500**
Direct construction jobs (average annual 2025-2045)	**12,600**	**4,100**

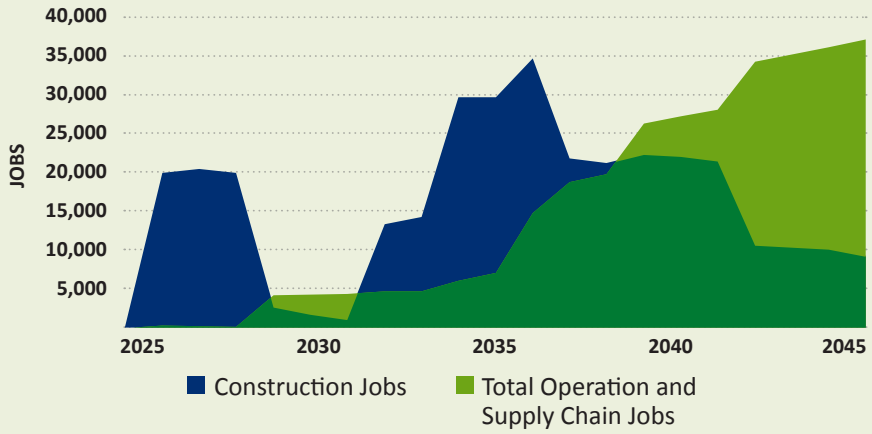
Broader Statewide Employment Growth

The additional economic activity associated with the development and operations of the HTPS would support growth in other parts of the region and state in construction, operations, and supply chain jobs.

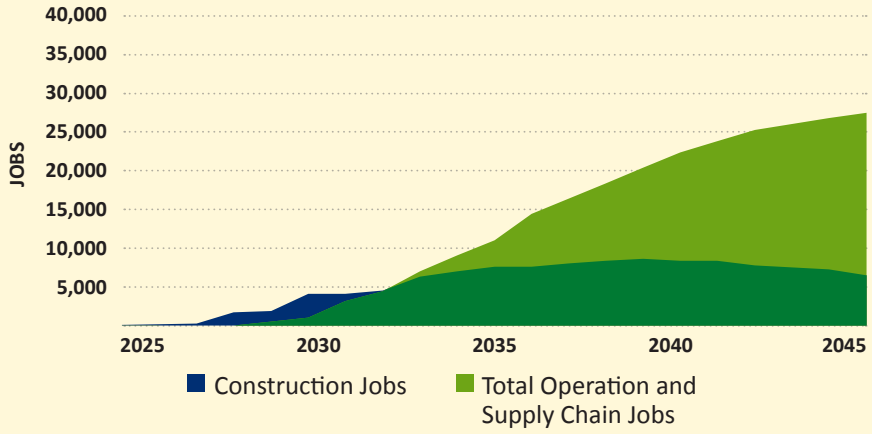
STATEWIDE Total Employment Growth	SCENARIO 1	SCENARIO 2
Total operations jobs in 2045	**37,300**	**27,400**
Total construction jobs (average annual 2025-2045)	**16,200**	**5,500**
Employment increase over baseline forecast in 2045	**4.9%**	**3.5%**

Annual Employment Growth Statewide (2025-2045)

Scenario 1: Semiconductor Campuses with Suppliers



Scenario 2: Advanced Manufacturing/Supply Chain Cluster



Potential Economic Output

The economic impacts of a potential semiconductor industry or advanced manufacturing cluster expansion of this magnitude and the resulting increases in business, government, and household spending would ripple through many industries, potentially **increasing economic output statewide by several billion dollars** in multiple industries beyond the Computers & Electronics industry itself.

Scenario 1: Semiconductor Campuses with Suppliers Scenario

Development in this scenario would support a cumulative increase in statewide GDP of **$574 billion over 20 years, which is a 5.5% increase over the baseline forecast.**

Scenario 2: Advanced Manufacturing/ Supply Chain Cluster

Development in this scenario would support a cumulative increase in statewide GDP of **$372 billion over 20 years, which is a 3.5% increase over the baseline forecast.**

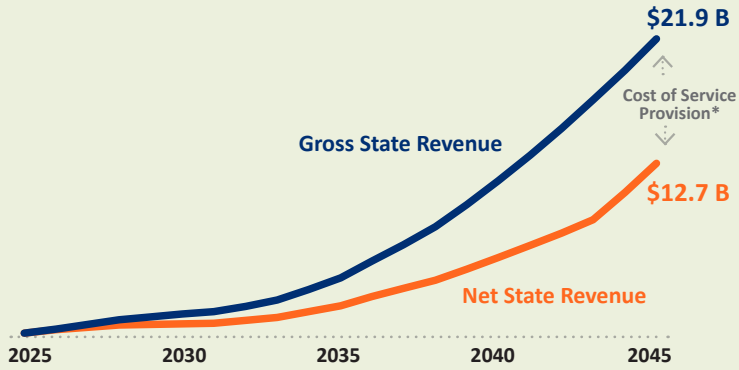
Average Annual Statewide Economic Output by Sector Over 20 Years

	SCENARIO 1	SCENARIO 2
Computers & Electronics	$15.56 B	$11.21 B
Construction	$4.5 B	$1.92 B
Information, Professional, Mgmt.	$3.68 B	$2.37 B
Real Estate	$3.88 B	$2.35 B
Manufacturing	$2.37 B	$1.21 B
Retail & Transportation	$2.28 B	$1.56 B
Education & Medical	$2.24 B	$1.51 B
Accommodation & Food	$850 M	$500 M

State Cumulative Revenue (2025-2045)

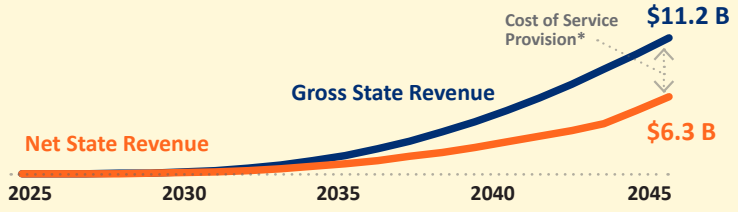
Under Scenario 1, development could generate **$12.7 billion** in net revenue to the state over 20 years.

Scenario 1: Semiconductor Campuses with Suppliers



Under Scenario 2, development could generate **$6.3 billion** in net revenue to the state over 20 years.

Scenario 2: Advanced Manufacturing/Supply Chain Cluster



* *Gross fiscal impacts were reduced to an estimated net fiscal impact by calculating the cost of service provision associated with the increase in population.*

Potential Local Fiscal Impact

Scenario 1: Semiconductor Campuses with Suppliers

If the area succeeds in attracting IDM campuses/ fabricators, these businesses alone could result in **tens of billions—or even over $100 billion—in total investment by 2045.**[1] Even after accounting for tax abatements under the Strategic Investment Program (SIP),[2] these investments could generate **over $175 million in cumulative property tax revenue** (across all taxing districts) over a 20-year period. Additionally, businesses participating in the SIP would pay an estimated **$266 million in cumulative community service fees under SIP agreements.**[3] If initial campus real estate investments begin to hit the tax rolls in full by 2045 as the first SIP agreements expire, this could bump revenue from these businesses to roughly **$75 million per year in property taxes and $32 million per year in annual community service fees.**

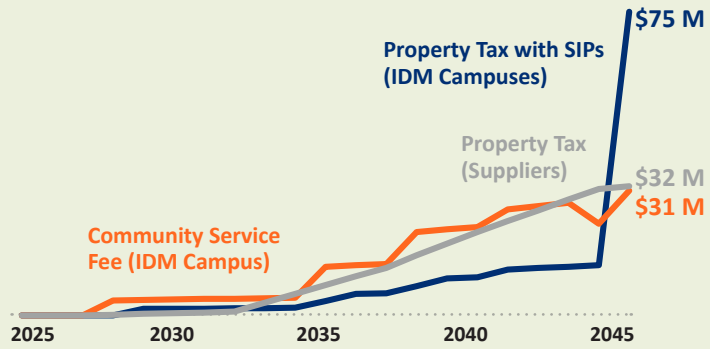
The suppliers and smaller manufacturers on the site could represent another roughly $2.5 billion in total investments over 20 years. These investments are more likely to be taxable at their full value.[4] The suppliers and smaller manufacturers surrounding the campuses could generate an additional $32 million per year in property tax revenue by 2045.

Scenario 2: Advanced Manufacturing/ Supply Chain Cluster

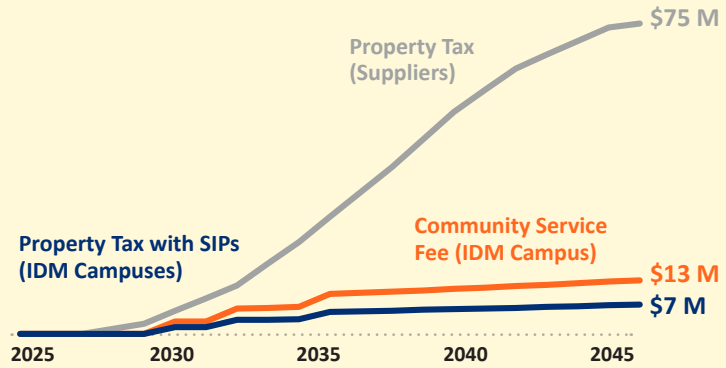
If developed with an Advanced Manufacturing and supply chain cluster, although the total investment would be lower, a higher share of the property value would likely be taxable. The total property tax revenue could be tens of millions of dollars by 2045, along with millions of dollars in community service fees annually from larger Advanced Manufacturers participating in the SIP program.[5] *(Note that the taxable values of the supply chain businesses are more difficult to predict, making these estimates more variable than for businesses that are likely to participate in the SIP program.)*

Annual Property Tax and Community Service Fee Revenue (2025-2045)

Scenario 1: Semiconductor Campuses with Suppliers



Scenario 2: Advanced Manufacturing/Supply Chain Cluster



1 This includes the real property (buildings and grounds), initial investment in materials and equipment, and reinvestment in upgrades to materials and equipment through 2045.

2 The Strategic Investment Program is a property tax abatement program that provides a 15-year abatement on a portion of large capital investments by certain "traded sector" businesses. In urban areas, investments of $150 million or more are eligible for the SIP. Property tax revenue may increase when SIP agreements expire and property is fully assessed, though depreciation means that assessed values tend to be lower by the time the abatement expires.

3 Community Service Fees are annual payments mandated by statute equivalent to 25% of the abated tax up to a maximum of $3 million per project. In addition, jurisdictions can negotiate fees above this minimum. The estimated Community Service Fee revenue includes an additional 50% of the statute mandated fee to account for this, which is lower than what has recently been negotiated and is a conservative estimate.

4 While some suppliers may be subject to Enterprise Zone tax abatements, this program has a shorter exemption period (5 years) and not all suppliers participate. Currently roughly a third of businesses in similar industries in Hillsboro are participating in the Enterprise Zone program.

5 The estimates in this scenario do not include the supplemental negotiated Community Service Fee (the additional 50% of the statute mandated fee) because the Advanced Manufacturing projects are smaller and less likely to pay above these requirements in statute.