



February 28, 2023

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

Dear Co-Chairs and Members of the Committee:

On behalf of Oregon's 241 cities, the League of Oregon Cities remains supportive of your work leading the Joint Committee on Semiconductors. As you know, LOC has been a frequent attendee of this committee's work.

I wanted to offer general support for efforts to include a land use component in the semiconductor package that moves Oregon closer to finding an anchor location for a major semiconductor investment on the scale of 500 to 1,000 acres. It is clear the location of this site will require a different land use approval process to identify a location that can be accessed in a short period of time.

Without this key component the remaining elements of the recommendations brought forward by Oregon's Semiconductor Task Force will not present Oregon as a viable location for future investments and unnecessarily limit Oregon's once in a lifetime opportunity to reinvest in Oregon's expansive semiconductor industry, which now touches 30 counties.

LOC's membership has long been engaged on economic development policy for as long as I remember and for good reason. Our cities recognize the importance of Economic Development incentives that exist in Oregon. Cities and Counties have taken on the responsibility of the state's economic development with an overwhelming reliance on local governments to abate taxes to encourage business investment from new and existing businesses.

The opportunity before the JSEMI is unique and requires an urgency to fully develop a semiconductor package that does in fact represent a "Bold Action" This is the standard that should be applied to the overall package and approach.

With the publishing of the Department of Commerce CHIPS Act application process it's clear that there is a robust set of standards for companies to meet even before they can apply. Companies will have to commit to on-site childcare facilities for workers building the facilities and those who eventually will be part of the manufacturing process. There is a clear expectation that applicants will need to demonstrate that there are local economic incentives in place that go beyond the tax abatement value for the company.

Oregon has those programs now with the Enterprise Zone program, SIP-gainshare. These programs have collectively demonstrated value to the communities who have sponsored the local projects. The inclusion of the R&D Tax credit will be a critical addition as well.

Oregon's opportunity will be evaluated based on the incentive package, the investments from the state, and willingness to consider changes in land use decision making and site readiness that create certainty and stability for a potential investor. Oregon is already behind when compared to other states willing to make decisions and commitments for this investment. Your leadership has got Oregon to this point.

The next set of decisions the legislature will ultimately determine how serious Oregon is, and whether the state wants to build on decades of investment that has already occurred, or whether the state will step away from this generational investment and let other states build their own semiconductor sector.

The LOC is urging your continued support and interest in delivering a full semiconductor package and moving Oregon closer to being a contender for generational federal investments.

Sincerely,

Jim McCauley
Legislative Director
League of Oregon Cities