

Testimony in Opposition to Sections 10 and 11 of SB 4

To: The Oregon Joint Committee on Semiconductors

Submitted by: 1000 Friends of Oregon, Board President Nellie McAdams

Wednesday, March 1, 2023

Co-Chairs Sollman and Bynum, and Members of the Committee:

Thank you for the opportunity to testify and thank you for your service to the state.

For the record, my name is Nellie McAdams, President of 1000 Friends of Oregon.

We strongly support your efforts to leverage federal dollars to invest in jobs and economic development in Oregon.

Yesterday, the first CHIPS Act funding opportunity was announced. Oregon needs to invest *today* in properties that are site-ready and have gone through the planning process to prepare for industrial use. **At least 5 municipalities have 500 acres of industrial land in their UGBs**

- Wilsonville, 30 minutes from PDX, has 1000 acres.
- Corvallis has over 400 acres near Hewlett Packard.
- Medford has 590 acres near an airport
- Hillsboro has over 777 acres of industrial land in its UGB. The city claims that only 400+ acres of this land are available for semiconductor siting because the remaining acreage is needed for other uses. The city's estimate of "available land" should be viewed with a critical eye, since Hillsboro has already permitted several hundred acres of the original 1000-acre industrial site to be used for facilities like Top Golf, a go kart track, data centers, and warehouses - uses inconsistent with a long-term goal of industrial development.

The committee has the ability to create a win-win for Oregon's two biggest industries - semiconductors and agriculture - by directing development to these designated sites that have received years of investment from the state and local government. And by increasing our investment in these existing properties.

It is therefore unnecessary to grant the Governor authority under Section 10 to bypass process and bring more parcels into a UGB. Of special concern, Section 10 allows the Governor to incorporate parcels under 500 acres into UGBs, although the Task Force's report identified more than enough supply of smaller parcels.

We are also concerned that Section 11 provides no real sideboards, since the land isn't required to have been used specifically for semiconductors - just substantially developed for some use or brought into a UGB. Land brought into UGBs for industrial use is unfortunately often rezoned commercial, like the Ikea complex near PDX or Keizer Station.

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In general, we lack industrial land *not* because it is too difficult to expand UGBs but because we don't lock in the industrial land we have. Since 2016, 95% of the applications to bring land into a UGB were approved - 83% without appeal and 80% within one year, including 9 industrial lots.

At stake West of Hillsboro is some of the best soil in Oregon according to the federal soil survey. What land is not prime farmland, is, with minor exceptions, high-value farmland. Several of the subject areas have some of the largest blocks of Class I soils zoned Exclusive Farm Use (EFU) in the state; Class I soil that is zoned EFU is relatively rare in Oregon. Another important factor for almost all the area soils is that irrigation *does not change* (i.e. make better) the agriculture soil capability. In other words, these are excellent agricultural soils with or without irrigation. Moreover, regardless of what the land produces at this time, it can grow nearly anything. If you want to know the true value of the opportunity cost and the land that is proposed to be paved over, we encourage you to invite testimony from the Department of Agriculture.

Semiconductor fabs need surface area, not soil. Moreover, the amount of surface area that is actually needed for semiconductor facilities is also questionable - Microchip's existing 827,000-square-foot factory and associated development occupies only half of its 140-acre Gresham property on Southeast Stark Street. The remaining land is undeveloped. Meanwhile, Analog is spending \$1 billion to upgrade its existing facility to double production with only a 0.5 acre expansion. And the jobs may not be as consistent as promised - Intel has cut employee compensation and is laying off employees, in part because Intel's stock prices plummeted by more than 50% in 2022 and are expected to drop further.

The process of planning for, siting, and readying land for industrial facilities is a difficult and specialized expertise. The legislature (and the Governor) are not designed to do it themselves. The Department of Land Conservation and Development and city and county planning offices are the bodies that are designed to (and best able to) do this work. We encourage you to hear testimony from the Department of Land Conservation and Development on the process of siting industrial land, and about the industrial lands inventory.

Both ag and semiconductor industries can, and should co-exist for the benefit of our economy, natural resources, and food systems.

We therefore respectfully urge the Committee to remove Sections 10 & 11 from SB 4.

Thank you,
Nellie McAdams