BOARD OF COUNTY COMMISSIONERS

February 28, 2019

Senate Committee on Business and General Government
Attn: Chair Riley, Vice-Chair Girod and Committee Members
Hearing Room B

RE: Testimony in opposition to SB 365

Dear Chair Riley, Vice-Chair Girod and Committee Members,

Thank you for the opportunity to submit testimony in **opposition of SB 365**, which if passed, would prohibit Oregon counties from collecting System Development Charges (SDCs) for marijuana grow operations.

Background
Deschutes County is one of the fastest growing counties in the United States, and this growth has had a tremendous impact on transportation system infrastructure. The County's Transportation Capital Improvement Plan contains $300M in transportation system improvements to accommodate future growth. SDCs are fees charged to new development to help mitigate the cost of growth so that existing taxpayers are not burdened with the cost of oversizing infrastructure to accommodate growth. The SDC is an essential funding tool in the toolbox of local government in a state which historically has not always prioritized transportation system investment.

Transportation System Impact of the Marijuana Industry in Deschutes County
To date, Deschutes County has received 63 applications for marijuana grow operations with a combined canopy area approaching 1,000,000 square feet. By our conservative estimates and calculations, the marijuana industry is responsible for approximately 1,600 new daily trips added to the transportation system and 175 trips added during the peak hour. This collective impact is equivalent to several McDonalds restaurants scattered throughout the county.

Deschutes County's SDC is $4,240 per peak hour trip. The average SDC per marijuana grow operation is $11,835 (less than three peak hour trips and roughly equivalent to the development of three single family homes).

An applicant for a marijuana grow operation will often claim that they have a negligible impact to the transportation system. Yet the same applicant will also claim that they are creating 5 to 10 jobs. While we appreciate the job creation of this new industry, it contradicts the claims of no impact to the transportation system; when jobs are created, the transportation system is impacted.

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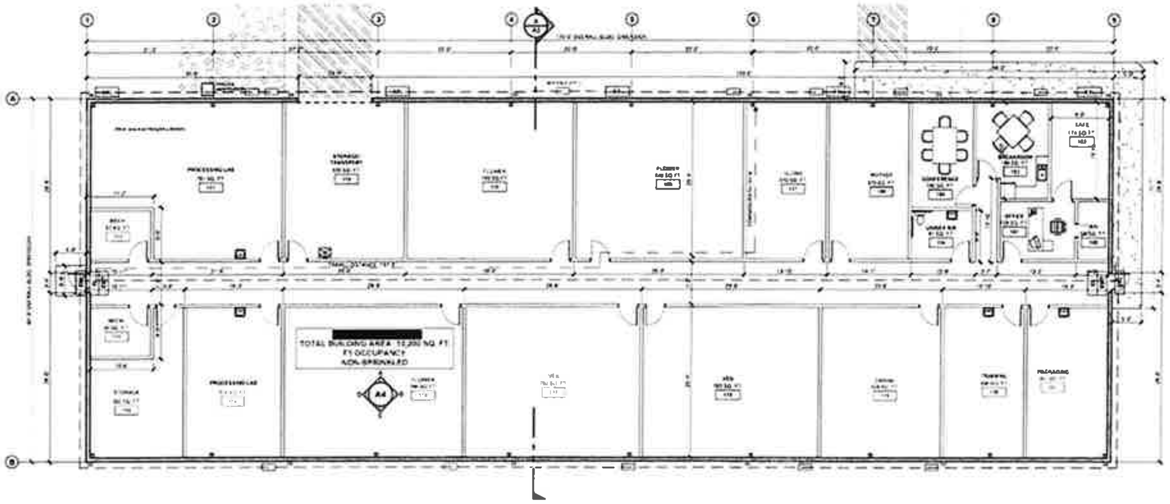
An example of this is provided via Google Earth images which show a marijuana grow operation east of Bend.

The below image from July, 2014 shows a pre-development image of a future marijuana grow operation.

The below image from May, 2017 shows the same parcel after development of approximately 40,000 square feet of growing space. Note the parking lot with 16 parked vehicles and a 17th vehicle leaving the site.

While some marijuana grow operations have basic infrastructure for growing marijuana, others have very sophisticated floor plans. The below floor plan for a recent 10,000 SF marijuana grow facility proposal includes a conference room, an employee break room and lab space.



It is clear to Deschutes County that marijuana grow operations are active developments which generate vehicle trips which impact the transportation system.

SB 365 would prohibit the collection of SDCs by counties and therefore pass the cost of transportation mitigation of marijuana grow operations to existing taxpayers.

SB 365 Discriminates Against Rural Taxpayers

Indoor grow operations are developing within industrial areas in cities throughout Oregon. The above grow facility proposal would be subject to a SDC in any city with SDC fees. SB 365 imposes a prohibition on SDCs for grow operations only on Exclusive Farm Use (EFU) zoned property, all of which is located outside of cities.

The transportation system cannot tell the difference between a vehicle trip that was generated from a marijuana grow facility within industrial zoned property in a city or EFU zoned property in an unincorporated area. If SB 365 passes, the Oregon Legislature indeed will be making that finding and discriminating against rural taxpayers who will be responsible for the transportation mitigation of vehicle trips generated by marijuana grow facilities.

SB 365 is a Step Back from Local Control

There are many types of land use and development that draw sympathy with regard to the imposition of SDCs; churches, schools, parks, day care, affordable housing, etc. Yet, the statues which govern SDCs (ORS 223.297 – 223.314), which have been in existence for 30 years, do not isolate any specific land use for SDC exemption.

Local governments currently have the ability to exempt or exclude types of land use from SDCs. That exemption is a function of a local government's individual priorities. The ability to exempt marijuana grow operations and farm use is well within existing allowances to local government provided by state statute. SB 365 forces counties to ignore or absorb the impact of marijuana grow operations on transportation infrastructure.

SB 365 is Bad Policy
SB 365 will impair local government's ability to mitigate and manage growth. It will open the door for future SDC exemptions for other types of land use. The SDCs charged by Deschutes County and other counties have been implemented based on fair, reasoned and equitable methodologies based on impact to the transportation system. Oregon's SDC statutes are founded on the premise that **"growth pays for growth"**. Exempting a specific land use from payment of SDCs via state statute erodes the foundation on which the SDC statues are established.

Nobody likes to pay SDCs – but at least when SDCs are applied fairly and equitably across the board – applicants can understand and appreciate the rational of a fair mitigation of impact to the public's transportation system. SB 365 will disrupt our ability to employ this concept in fairness to our citizens.

Please Reject SB 365
We appreciate the opportunity to provide testimony to the Senate Committee on Business and General Government. We respectfully request the Committee reject SB 365.

Yours Truly,

Philip G. Henderson, Chair

Patti Adair, Vice-Chair

Tony DeBone, Commissioner