Economic and Fiscal Impact of Semiconductor Industry Expansion in Oregon

January 2023

Draft findings – Subject to revision

ECONorthwest

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The assignment

- Produce a semiconductor industry overview
- Model the economic and fiscal impacts of an archetypical semiconductor fab plant

Key assumptions about the project

Scenario assumes an existing integrated device manufacturer (IDM) expands their operations with an additional Fab

Capital phase

- Construction of a 1 to 1.5 million SF facility
- Cost of $3 billion (spread evenly over a 4-year construction period)

Operations phase

- Operation of the Fab begins in year 5
- Directly employs 2,500 people
- Average compensation of about $160,000 (including benefits)

Key assumptions about the project

- Assumptions were gathered from publicly available information and discussions with industry stakeholders, and are intended to reflect a generic prototype that is not associated with any specific firm's potential expansion

Key assumptions on fiscal impacts

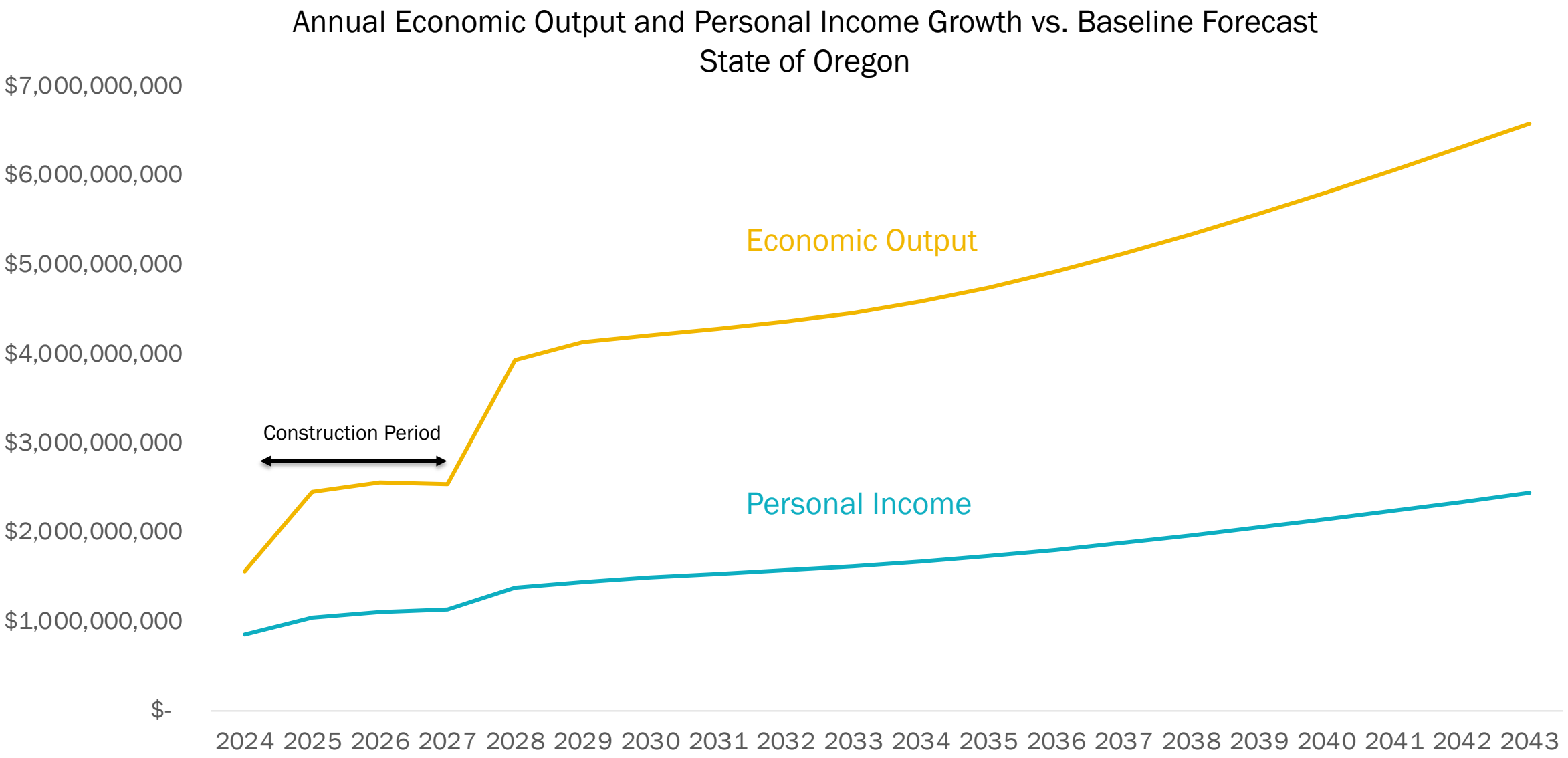
- Population growth, adjusted for inflation, would drive the demand for public services (i.e., the Bartik assumption)

- SIP and Gain Share would apply to the project

The model

- The scenario models a 20-year time horizon of the construction and operation of the Fab, and calculates the economic and fiscal impacts statewide in Oregon, compared to a baseline economic forecast using the REMI PI+ dynamic economic impact model

Over 20 years Increases Output by $90 Billion and Personal Income by $33 Billion



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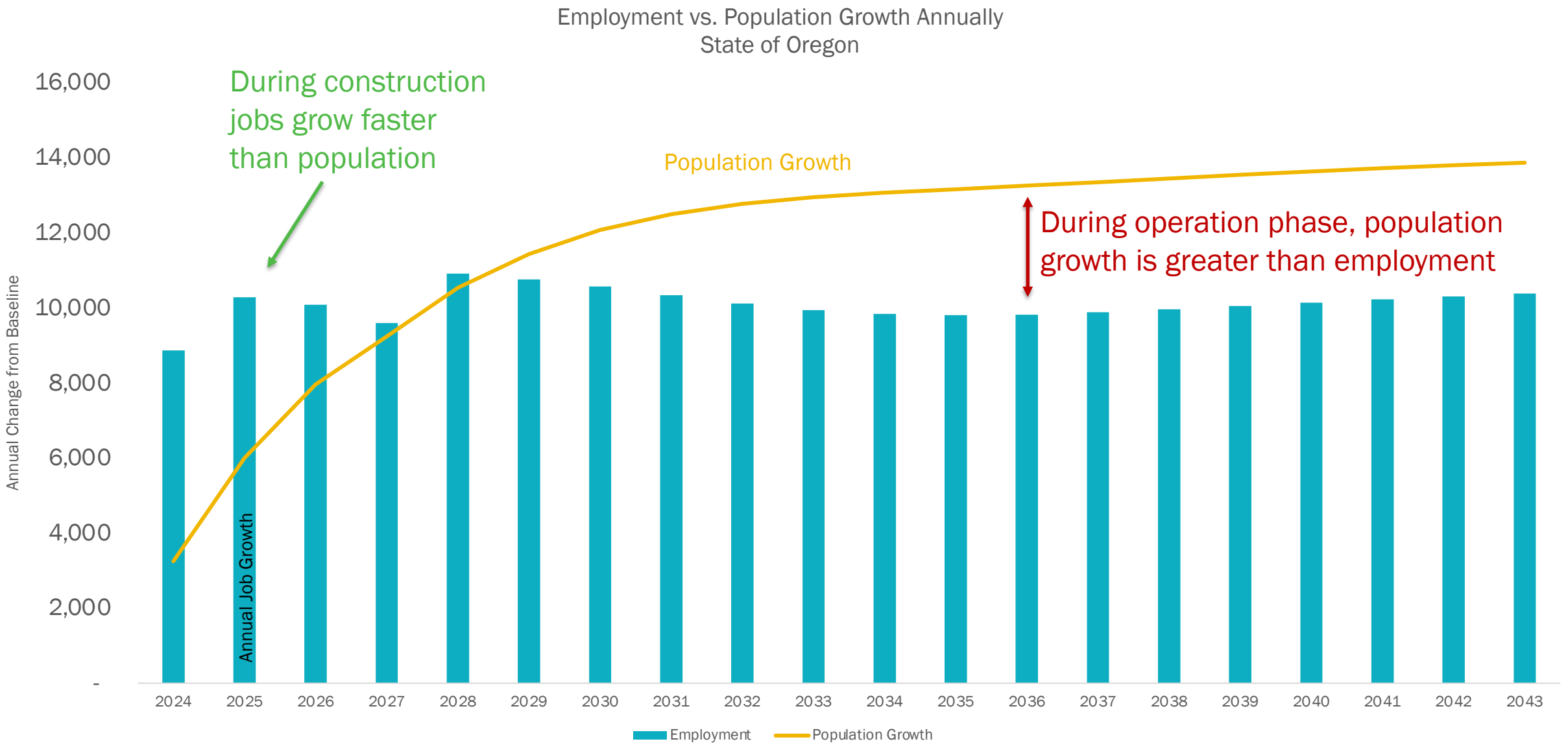
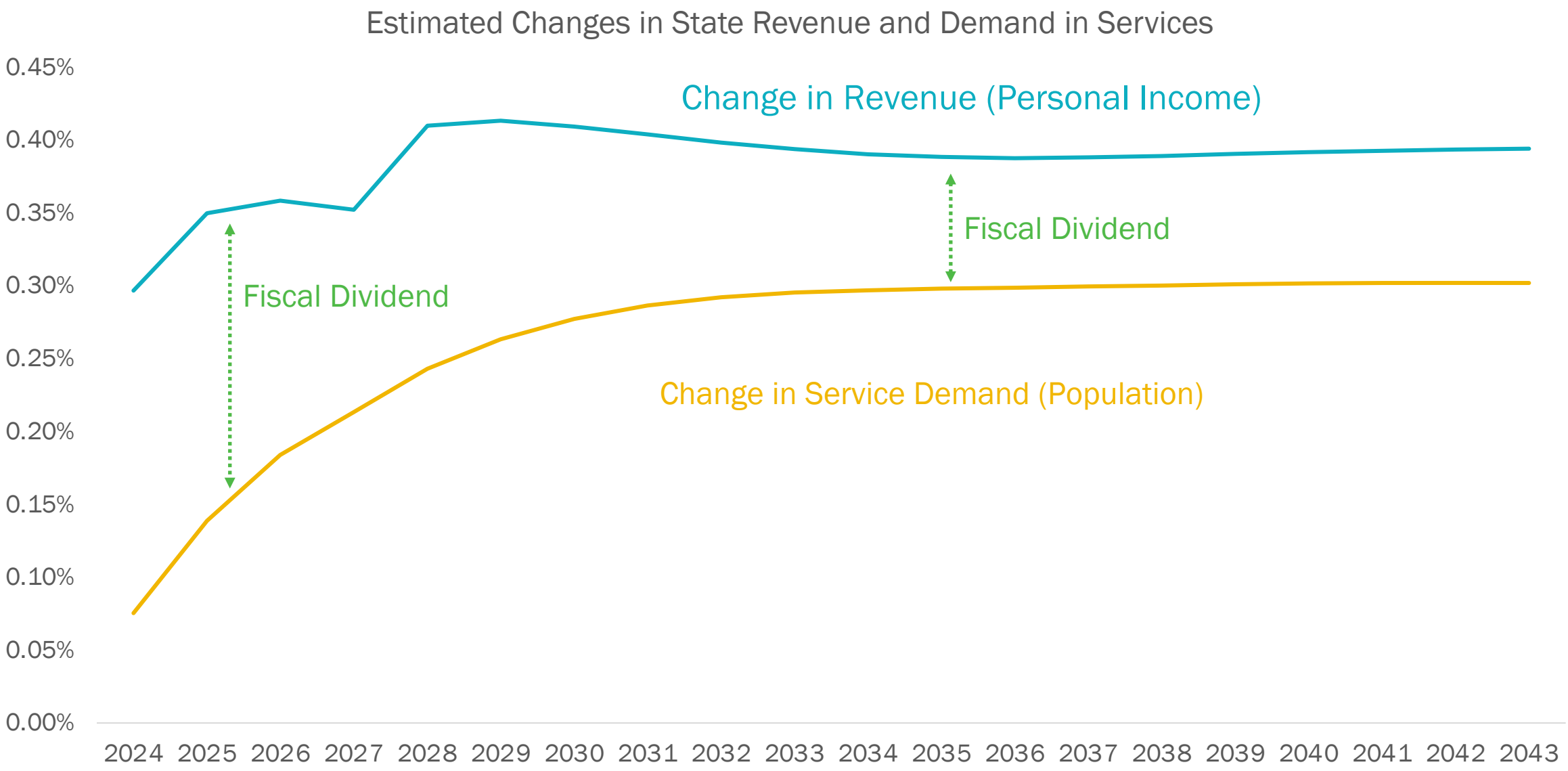
Construction jobs within state, operating jobs a mix of in state and migration



Semiconductor expansion increases revenue base faster than service demand



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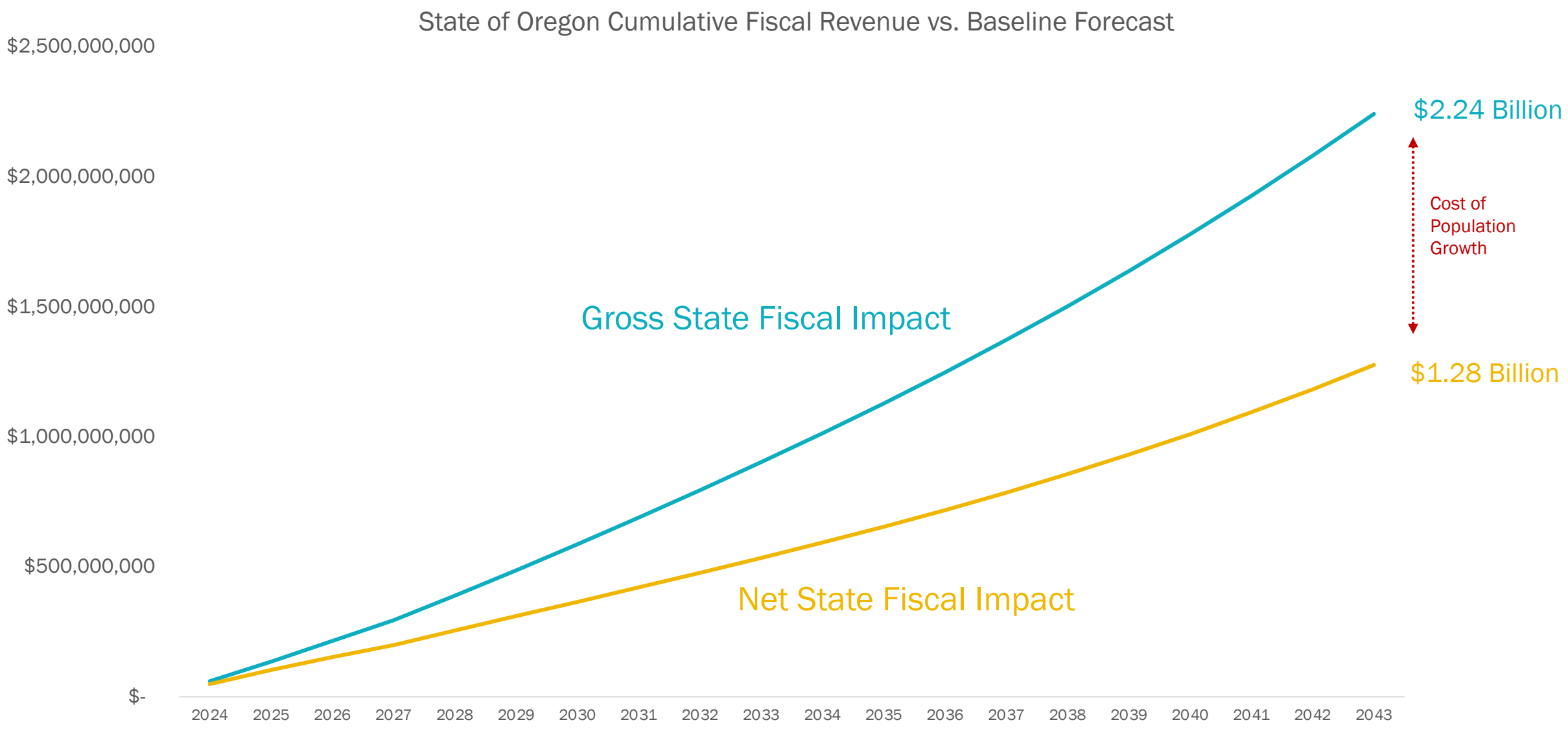
Over 20 years, cumulative net State fiscal revenue of $1.28 billion



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Additional benefit to local jurisdictions

- Local jurisdiction benefits were not included in any of the previous slides, but would be significant revenue generators
- Property tax revenue is the primary source of revenue for local jurisdictions and would total over $850 million statewide over a 20-year time horizon
- Jurisdictions with additional revenue sources tied to personal income, business taxes, lodging taxes, and franchise fees would also benefit
- It is assumed that a SIP agreement would limit the direct property tax of the Fab, but that gain share would generate up to $16 million a year for the local jurisdiction given the size of the investment
- Estimating the cost of service provision for local jurisdictions is challenging as it varies across the state but should be factored into the benefit cost analysis

Disclaimer and Study Limitations

- All data and findings included herein should be considered draft and subject to revision
- A broad semiconductor industry report is forthcoming, including exploring the economic and fiscal impacts associated with an industry expansion
- The scenario of a Fab expansion is one possibility of a potential expansion of the industry, other scenarios will be explored as part of a more detailed analysis in the complete report
- No specific incentive packages were considered in creating this expansion scenario

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