



February 22, 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 stands behind the critical work done by the Joint Committee on Semiconductors. It is clear committee members are supportive of a "bold" plan for Oregon that is backed up by recommendations from Oregon's Semiconductor Task Force.

This committee and Oregon's legislative leadership are at a critical decision point. The question is simple, "Does the legislature want to invest in Oregon and help secure Oregon's semiconductor footprint, or not?" From the view of Oregon's cities, we choose the security of economic development and the value that historic investments in the semiconductor sector can bring to Oregon.

It's likely more than 35 other states are preparing their own incentive packages to compete for investment. Some states like New York are offering up to \$10 billion in direct incentives for businesses. Its clear other states are already ahead of Oregon given announcements for hundreds of billions in investments moving forward in Texas and Arizona with incentive packages already in place. Oregon likely does not have the same scale of financial packages, but what Oregon can offer is a competitive package that can leverage existing semiconductor investments and build with a mix of important state and local incentives that have been available and resulted in substantial economic growth.

Key elements of the package must address the following:

Capitalized fund for land acquisition and site readiness. The Semiconductor Task Force made it clear that there are minimum thresholds of land availability and readiness that must be met. Site infrastructure has historically fallen on local governments to develop. This need extends broadly to the entire state – a 2023 statewide survey of cities conducted by the Oregon Business Council, League of Oregon Cities, and the Oregon Economic Development Association found that 57% of responding cities have lost specific, recent economic opportunities due to inadequate development ready industrial land.

Sunset extension of existing enterprise zone and gainshare programs. These programs have collectively been part of Oregon's successful economic development incentives. Each program was developed to meet a range of investment levels. The programs are crucial to make sure investment opportunities extend beyond urban centers and reach other parts of Oregon. Uncertainty will be an evaluation point by companies and the US Department of Commerce. Extending sunsets would eliminate the uncertainty surrounding these programs.

Creation of an R&D Tax Credit and Investment Tax Credit. We understand that all 35+ states who are vying for semiconductor investments have these incentives in place. Without this addition Oregon is placing itself in an unnecessary competitive disadvantage, signaling to companies that Oregon is not serious about semiconductor investment. It's also clear that the Department of Commerce will be scoring investment applications based on the existence of this tax credit in states.

Workforce investments that build talent pipelines. Oregon has the nation's most concentrated semiconductor workforce, but it must train new workers for the jobs that will come with new industry investment. Oregon's entire education system from k-12 to community colleges and universities have built programs to grow a workforce in response to needs from the high-tech industry including semiconductors. Investment strategy must cover the full spectrum of the next generation of workforce needs. This too will be part of the evaluation process for the Department of Commerce in their review of CHIPS Act applications.

Investments in research through Oregon's universities. Semiconductor research and development is Oregon's competitive advantage. A state cannot grow an R&D environment without supporting the research mission of its universities. It's clear that to remain competitive, a commitment to additional research and development funding will benefit from generational investment from private and public sources.

As members of the Joint Committee on Semiconductors you have taken on the challenge of developing a comprehensive semiconductor package. It's clear from the testimony and committee dialogue that there is momentum to assemble a "bold" package.

It's time to take the next step in the process. Let's build a package that secures Oregon's future investment and honors the investments that have already been made. Oregon's cities stand behind your efforts.

Sincerely,

Jim McCauley
Legislative Director
League of Oregon Cities