

March 19, 2025

TO: Members of the House Committee on Economic Development, Small Business, and Trade
FR: Duke Shepard, Oregon Business & Industry
RE: OBI Supports HB 2277-1

OBI is a statewide association representing businesses across a wide variety of industries from all 36 of Oregon's counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 75% of which are small businesses, employ over 250,000 Oregonians. Oregon's private-sector businesses drive a healthy, prosperous economy for the benefit of everyone.

I would like to provide some historical context, as I used to do some Economic Development Work back in the late 90s and early 2000's with this industry when there was a semiconductor boom, and we brought Microchip to Gresham. Everyone loved semiconductor companies, and the economy was booming. In fact, Intel signed a Strategic Investment Program agreement that penalized them for creating jobs; they had to pay a fee for every job over a certain threshold. You see that approach reflected in our regulatory environment today – its going to be such a privilege to be in Oregon that we want to make it as hard as possible.

Then there was a downturn – which happens because this industry is historically, massively cyclical – new technology, high demand, massive investment, over supply, over build, downturn, churn of companies, followed by new technology, high demand, massive scale up investment, over supply, overbuild, and downturn.

Well, after that downturn in the early 2000s Oregon to its eye off the ball. Companies retrenched to try and survive, and Oregon public policy kind of moved on and forgot how critical this industry is to our state until two years ago. This bill is an opportunity to keep our eye on the ball. It ought not be a generational opportunity; it may be a generation federal infusion of federal money, but if this industry is the foundation of our economy, we ought to be attentive to it every two years through the business environment as well. We need more robust incentives with more flexibility compared to other states. We set a lot of bars that companies have to jump over, and if we don't have the land, companies can't get permits, they have to deal with the Climate Protection Program and poor road infrastructure, then we cannot compete. We can't expect people to stay because they are stuck, and we can't expect companies to come here if they can't afford it. As an example, there is nothing preventing re-upping the land use authority given to the Governor in SB 4. It's a choice. There is a choice to be made, and a choice to keep our eye on the ball with the semiconductor industry as

well as the broader manufacturing base.