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On Behalf Of:  
Committee: Senate Committee On Finance and Revenue  
Measure, Appointment or Topic: SB1586

#### Public Process and Community Expectations

Decisions of this magnitude typically involve multiple public meetings, comprehensive fiscal and environmental analysis, and meaningful community engagement to define shared economic development goals. To date, that level of public process has not occurred. The land in question has long been designated to remain rural until 2065, and farmers, local businesses, and property owners have made long-term decisions based on that understanding. At present, the primary beneficiaries of this expansion appear to be the landowners within the proposed 1,700-acre area and their representatives, who stand to realize significant financial gains.

#### Data Center Expansion Concerns

The bill contains provisions that could allow substantial data center development if facilities are structured as being “associated with” another business. Data centers typically generate limited employment relative to their land use and resource consumption. Additionally, Hillsboro already has available land within its existing urban growth boundary that can accommodate such uses if they align with the city’s development strategy.

#### Existing Industrial Land Supply

There is significant industrial land capacity within current urban growth boundaries. Statewide, more than 10,000 acres are available for industrial use, including approximately 500 acres adjacent to the area under consideration in Hillsboro. Over the past 15 years, Hillsboro has had opportunities to recruit high-employment industries but has instead seen substantial development of warehouses and data centers. Oregon currently lacks a comprehensive, up-to-date industrial lands inventory. Before expanding into rural areas, the state should fully assess existing capacity and prioritize investment in already designated lands to reduce public costs and minimize impacts to farmland.

#### Fiscal Impact and Public Cost

Urban expansion carries significant infrastructure and service costs that will ultimately be borne by taxpayers. While detailed financial projections have not been provided, available materials indicate the city may not reach a fiscal break-even point for approximately 34 years. At the same time, related legislation could extend or expand tax abatements for qualifying industries, including data centers. Other states are reevaluating or reducing such incentives. Given current budget constraints, public resources should not be directed toward subsidizing low-employment industries that are already financially viable.

### **Farmland Protection and Agricultural Impact**

The proposed expansion would permanently convert some of the highest-quality agricultural land in the region. Class I soils represent only about 2% of the Willamette Valley Basin and are among the most productive soils globally. Protecting Class I and Class II soils is critical to sustaining Oregon's agricultural economy. In addition, the loss of a large, contiguous block of farmland could disrupt the broader agricultural network in Washington County.

### **Legislative Process Concerns**

Public testimony is being submitted with the understanding that the bill may be amended between the close of testimony and the hearing. This limits the public's ability to provide informed input on the actual proposal under consideration. Even if specific provisions—such as tax abatements—are modified, related legislation may extend similar incentives. Furthermore, reducing the immediate expansion area does not address the underlying issue: Hillsboro has not demonstrated a clear need for additional urban land beyond what is already available within its existing growth boundary