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City of Sherwood
Office of the Mayor
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February 14, 2026

To: Senator Courtney Neron-Messman, Representative Dr. Sue Rieke-Smith, Representative Ben Bowman, Senator Janeen Sollman

RE: Support for the 2026 JOBS Act (SB 1586) as a Foundational Step for Oregon's Economic Future

Dear Senator Neron-Misslin, Representative Rieke-Smith, Representative Bowman, and Senator Sollman,

As Mayor of Sherwood, I am writing to you today to share a critical piece of research and to express our city's firm support for the **Jobs, Opportunity, and Build-ready Sites (JOBS) Act (SB 1586)**.

Enclosed you will find the report, *"The Silicon Forest at a Crossroads: An Exhaustive Analysis of Economic Evolution, Policy Frameworks, and Strategic Competitiveness in Washington County, Oregon."* This document traces the deliberate policy choices—from the 1984 Unitary Tax Repeal to the Strategic Investment Program (SIP)—that built the regional economy our residents rely on today.

The attached report provides a deep-dive analysis into the industrial metamorphosis of Washington County. Key findings include:

- **Historical Precedent:** Oregon's leadership in the semiconductor space was born of crisis. In 1984, the repeal of the Unitary Tax saved the fledgling "Silicon Forest" from losing investment to other states. This began a 40-year era of "choice-driven" economic development.
- **The SIP Legacy:** The Strategic Investment Program (SIP) and Gainshare have been the primary engines for attracting over $50 billion in private capital. However, these tools are reaching a "SIP Cliff" where statutory sunsets and land exhaustion threaten future reinvestment.
- **A Diverse Ecosystem:** While much attention is focused on larger anchors, the regional strength lies in the diversity of its semiconductor cluster. Firms such as **Analog Devices, Microchip Technology, Lam Research, and JSR Micro** form a robust "Silicon Forest" that goes far beyond any single employer.
- **Global Competition:** States like Ohio, Texas, and North Carolina are aggressively utilizing CHIPS Act matching funds and streamlined permitting to lure these diversified R&D hubs away from Oregon.

Why the Region Must Support the JOBS Act
While Sherwood is cherished as a high-quality residential community, we have made significant strides in our own local economic development. However, we recognize that regional success is not a zero-sum game; it is a symbiotic ecosystem. We support the JOBS Act for the following reasons:

- **Securing the Next Forty Years:** The policy tools that built our current prosperity—formulated in the 1980s and 90s—are no longer sufficient to meet the challenges of 2026. We are operating on depleted inventory and sunsetting incentives. The JOBS Act is the "reset button" required to get Oregon back on track and establish a framework for the next forty years of regional growth.
- **The Commuter Nexus:** Our data shows that **92% of Sherwood's working residents commute outside city limits for work.** This creates a reality where our local wages are below the regional average while our median household income remains significantly higher. This workforce dynamic is a primary reason we are so intent on a local economic development strategy that is inextricably linked to the health and expansion of the "Tier One" providers in our region. Furthermore, the **recent job losses within our regional Tier One providers have directly impacted members of the Sherwood community,** underscoring the urgent need for the stabilization and expansion tools provided by this Act.
- **The Regional Ecosystem:** Sherwood's local industrial growth is fueled by suppliers that serve global anchors across the semiconductor and apparel sectors. From specialized chemical manufacturing to advanced robotics, our local businesses depend on the continued presence of a broad range of "Tier One" firms. If the region cannot provide buildable land or competitive tax environments, the economic "gravity" that draws businesses to Sherwood will fail.
- **Economic Resilience:** With only 8% of our residents living and working within the city, Sherwood is essentially a "regional talent bank." The JOBS Act ensures that the talent we cultivate in Sherwood maintains direct access to a diverse array of local, high-wage opportunities, insulating our families from the volatility of any single company.
- **A Call for Comprehensive Action:** We view the JOBS Act as a mandatory first step. To bring out-of-state investment back to Oregon, we must follow this act with more aggressive, comprehensive reforms to our regulatory and tax regimes to compete with other semiconductor hubs.

The Silicon Forest was not an accident of geography; it was a product of leadership. Just as the 1984 Unitary Tax Repeal saved our economy forty years ago, the JOBS Act is the necessary "course correction" for 2026.

Addressing Opposition and Refuting Misconceptions
We acknowledge the concerns raised by some stakeholders regarding land use and industry focus. However, our attached report provides rigorous data to refute several recurring arguments:

- **The "Farmland Loss" Myth:** The proposed expansion represents less than **0.01%** of Oregon's farmland base. Even under a 100-year projection of quadrupled industrial growth, Oregon would retain over 94% of its current agricultural land.
- **The "Data Center" Critique:** SB 1586 is designed to attract high-density, high-wage semiconductor manufacturing. We agree that land-use efficiency is paramount, and this

bill provides the framework to prioritize "mega-fabs" that generate 26,000+ jobs over low-employment facilities.

- **The "Sufficient Land" Fallacy:** Research confirms that the Metro region currently has zero development-ready sites of the scale required (500-700 contiguous acres) to compete with states like Ohio or Arizona.
- **The "Intel Performance" Argument:** Some argue that because Intel has faced recent financial challenges or made difficult workforce decisions, the state should pivot away from supporting their growth. This is a reactive and dangerous stance. All global companies go through financial cycles; however, Intel remains the largest employer in Washington County. By "punishing" an anchor institution for business fluctuations, we are actually punishing the thousands of local families currently employed there and significantly hindering our region's long-term ability to grow and recover.
- **The "CHIPS Act Ohio failure"** Some have said the Chips Act resulted in a failed project in Ohio. This claim is factually incorrect and misrepresents the current state of the project as of early 2026. Research into the "Silicon Heartland" campus in New Albany, Ohio, indicates it remains one of the largest active construction projects in the United States. As of January 2026, the project has transitioned into "vertical construction" after completing the massive underground foundations and basement levels. Site contractors have logged over 9.4 million labor hours—equivalent to more than 1,000 years of labor—and poured enough concrete to fill more than 13 stadiums. The facility has already received 36 "superloads" of industrial equipment, including air separation units essential for semiconductor production.

On behalf of the citizens of Sherwood, I urge your support for SB 1586. We must act now to ensure that Washington County, the Portland metro area, and the State of Oregon remain the global home of innovation.

Sincerely,

Tim Rosener
Mayor, City of Sherwood

The Silicon Forest at a Crossroads: An Exhaustive Analysis of Economic Evolution, Policy Frameworks, and Strategic Competitiveness in Washington County, Oregon

The industrial metamorphosis of the Portland metropolitan area, particularly the western enclave of Washington County, represents one of the most significant and deliberate industrial transformations in the United States over the last century. This region, once characterized by its dense coniferous forests and fertile alluvial plains, has transitioned from a resource-dependent frontier into the "Silicon Forest," a global hub for semiconductor research, development, and manufacturing.[1] This evolution was not an accidental byproduct of market forces but rather the result of a highly coordinated, multi-decadal strategy involving aggressive tax incentives, revolutionary land-use regulations, and massive infrastructure investments designed to attract capital-intensive industries.[1] As the region enters 2026, it faces a profound inflection point where its historical policy tools are reaching statutory sunsets, its land availability is at a crisis point, and national competition for high-tech manufacturing has reached an unprecedented intensity.[1]

The Genesis of the Silicon Forest (1940–1980)

The term "Silicon Forest" was coined in 1981 to describe the burgeoning industrial corridor between Beaverton and Hillsboro.[1] However, the technical foundations were laid much earlier. In the 1930s, the establishment of the U.S. Forest Service Radio Lab in Portland, aimed at improving communication with isolated fire lookouts, attracted Howard Vollum and Douglas Strain.[1] Vollum would go on to found Tektronix in 1946, which became the world's leading manufacturer of oscilloscopes and functioned as Oregon's largest private employer through much of the post-World War II era.[1]

Tektronix served as the primary regional incubator. In 1951, it moved to Washington County to take advantage of inexpensive land and a well-educated suburban workforce, effectively initiating the development of the "Sunset Corridor".[1] When Tektronix underwent restructuring in the 1980s, its divested business units and former employees founded a wave of successful independent companies, including Planar Systems, TriQuint Semiconductors, and Mentor Graphics.[1] This genealogy eventually encompassed nearly 900 companies, creating a diverse ecosystem specialized in semiconductor production, display technology, and electronic design automation.[1]

The arrival of Intel Corporation in 1976 permanently altered the trajectory of Washington County.[1] Intel established its first branch plant outside Silicon Valley in Aloha, attracted by the county's inexpensive land, low electricity rates, abundant water supply, and the skilled

labor pool already anchored by Tektronix.[1] Over subsequent decades, Intel made Oregon the center not only of its global manufacturing operations but also its primary research and development (R&D) efforts.[1]

Legislative and Regulatory Frameworks: Designing a Competitive Hub

The transformation of Washington County into a global technology hub required bold legislative actions to overcome Oregon's logistical disadvantages and high tax environment. The state's strategy revolved around three pillars: tax reform, specialized investment incentives, and land-use management.

The 1984 Unitary Tax Repeal

In the early 1980s, Oregon utilized a "unitary tax" system, which levied fees on the worldwide profits of companies operating within the state, regardless of where they were headquartered.[1] This was viewed as a major deterrent for foreign-based companies. In a landmark special session in July 1984, the Oregon Legislature abolished the unitary tax.[1] Governor Victor Atiyeh immediately traveled to Japan to recruit semiconductor manufacturers, leading to the arrival of several major firms, including SEH America, Nippon Electric Company (NEC), Fujitsu, and Epson.[1] These firms brought skilled workers and established the materials and supplier networks necessary for a robust industrial cluster.

The Strategic Investment Program (SIP) and the Gainshare Mechanism

Adopted in 1993, the Strategic Investment Program (SIP) became the state's primary mechanism for attracting and retaining capital-intensive industries.[1] The program allows businesses and local governments to negotiate alternative property taxing agreements for large investments.[1] Under SIP rules, firms pay full property taxes on a "taxable portion" of their investment, while the remaining value is exempt from property taxes for a period of 15 years.[1]

To address the loss of local property tax revenue resulting from SIP agreements, the Oregon Legislature established the "Gainshare" program in 2007.[1] Gainshare allows the state to return a portion of the personal income tax revenue generated by new and retained jobs at SIP sites to the local governments.[1] In Washington County, Gainshare payments are currently capped at $16 million annually.[1] These funds have been vital for supporting public services, including school districts and transportation infrastructure.[1] For instance, Washington County committed $2 million in Gainshare funds annually for a decade specifically for bicycle and pedestrian projects near schools.[1]

Single Sales Factor Apportionment and Nike's 30-Year Agreement

Oregon adopted "single sales factor" apportionment in 2005, a move that favored large, export-oriented companies.[3] Under this structure, corporations calculate their tax burden based on only one factor—the amount of product sold in the state—instead of the traditional three factors: labor, property, and local sales.[5] This is highly advantageous for companies like Nike and Intel, which have massive physical footprints and workforces in Oregon but sell the vast majority of their products globally.[5]

In December 2012, Governor John Kitzhaber called a special session of the Legislature specifically to address Nike's request for tax stability.[3] The resulting legislation, House Bill 4200, authorized the Governor to sign a contract guaranteeing that a company's state income tax situation would not change for up to 30 years if they committed to a minimum of $150 million in investment and 500 new jobs.[3] Nike exceeded these requirements, spending $380 million on its Washington County headquarters expansion and hiring 2,000 workers by 2015.[9]

Table 2: Key Tax and Incentive Policies in Oregon's History

Policy	Year Enacted	Mechanism	Economic Impact
Unitary Tax Repeal	1984	Abolished tax on worldwide profits.[1]	Recruited major Japanese tech firms (NEC, Fujitsu).[1]
Strategic Investment Program (SIP)	1993	15-year property tax exemption on large investments.[1]	Anchored Intel and Nike expansions; billion-dollar investments.[1]
Single Sales Factor	2005	Taxes based only on in-state sales.[4]	Favors exporters; minimizes tax on local property/payroll.[7]
Gainshare	2007	Returns income tax to local counties to offset SIP loss.[1]	Funded local schools and transit; capped at $16M in WashCo.[1]

Nike Tax Certainty (HB 4200)	2012	30-year guarantee of tax status for major investors.[3]	Guaranteed Nike's HQ expansion in Oregon over other states.[8]

Infrastructure: The Arteries of the Silicon Forest

The concentration of high-technology firms in Washington County is dependent on specialized infrastructure in the realms of power, water, and transportation.

High-Voltage Power and Grid Reliability

Semiconductor manufacturing is exceptionally energy-intensive, requiring massive amounts of reliable, high-voltage electricity.[1] Portland General Electric (PGE) has made significant investments in the "Hillsboro Reliability Project," a transmission initiative designed to power new high-tech facilities and data centers.[1] To manage the unprecedented growth in demand, PGE has deployed utility-scale battery energy storage systems (BESS).[1] In December 2024, the 75 MW Constable facility in Hillsboro achieved commercial operation, providing the dispatchable capacity required to balance the grid during peak hours while supporting the integration of renewable wind and solar energy.[1]

Water Resource Recovery and Treatment

Semiconductor fabrication processes require large quantities of ultrapure water and produce complex wastewater streams.[1] Clean Water Services (CWS) operates the Hillsboro and Rock Creek Water Resource Recovery Facilities, which are nationally acclaimed for their treatment standards.[1] The Hillsboro facility cleans an average of 6 million gallons of wastewater daily, returning water to the Tualatin River that is clean enough to improve the river's overall water quality.[1] Firms like Intel and Jireh Semiconductor are regulated as "Categorical Industrial Users," requiring them to pretreat their wastewater for pollutants like copper and molybdenum before it enters the public sewer.[1]

Transportation: US-26 and the MAX Blue Line

The Sunset Highway (US-26) serves as the primary transportation artery for the Silicon Forest.[1] In 1998, the Westside MAX Blue Line extension opened, connecting downtown Portland through Beaverton to Hillsboro.[1] This 18-mile extension was specifically designed to serve the fast-growing high-tech corridor, with stations located near major Intel plants.[1] The ridership of the Westside MAX broke its projected 2005 estimates within just 19

months of opening, demonstrating the strong demand for transit in the Silicon Forest corridor.[1]

The Modern Ecosystem: Anchor Firms and the Supply Chain

The Silicon Forest today is a diverse cluster of firms that have outpaced national GDP and employment trends for two decades.[1] The regional economy relies on "Tier One" employers—large, R&D-intensive anchor firms like Intel and Nike—that act as gravitational centers.[1]

No company is more critical to Oregon than Intel; it accounts for up to 80% of the state's semiconductor industry and anchors a cluster producing $13 billion in annual exports.[1] These anchors function as "surrogate universities," creating a virtuous cycle by attracting specialized talent and serving as incubators for hundreds of smaller ventures.[1] For every direct job at a Tier One firm, an estimated three additional jobs are created statewide through the supplier network.[1] In 2023 alone, Intel spent $5.62 billion with Oregon-based suppliers like Lam Research and ASML, illustrating how the health of anchor firms dictates the prosperity of the entire "forest" of supporting businesses.[1]

Table 3: Major Companies in the Silicon Forest Ecosystem

Company	Role in Ecosystem	Employees (Local Est.)
Intel	Chip Design & Manufacturing	22,300 [1]
Nike	Apparel & Wearable Tech	8,000+ [8]
Tokyo Electron America	Manufacturing Equipment	1,200 [1]
ASML	Lithography Systems	1,200 [1]
Thermo Fisher Scientific	Precision Microscopy	1,062 [1]
Lam Research	Etching & Deposition	Major Presence [1]

Microchip Technology	Analog & Flash Memory	Expansion Ongoing [1]

Present-Day Analysis: The 2026 Economic Inflection Point

As of 2026, the Portland metro area finds itself at a critical economic juncture. After decades of outperformance, the region is facing structural challenges that threaten its long-term growth. The 2026 "State of the Economy" report indicates that the region lost 8,800 jobs over the past year—the fourth-worst performance of any metro area in the nation.[1] While sectors like healthcare and education have seen growth, high-wage sectors like professional services, manufacturing, and information have contracted.[1]

The SIP Cliff and Land Scarcity

Two major policy and physical constraints have emerged as immediate threats. First, the Strategic Investment Program has functionally run out. The legislative authority for Gainshare—the essential tool that returns personal income tax revenue to local governments—hit its statutory sunset in July 2025.[1] Without a valid SIP framework in place, local jurisdictions cannot sign new agreements with certainty, effectively freezing the state's most powerful tool for incentivizing billion-dollar investments.[1]

Second, Oregon’s statewide land-use planning program, established by Senate Bill 100 in 1973, has created a severe structural deficit: the state does not have the land required to attract or expand Tier One employers.[1] Major semiconductor fabs and R&D campuses typically require large, contiguous tracts of 500 to 700+ acres with industry-scale infrastructure capacity.[1] Currently, the largest available industrial site in the Portland metro area is reportedly just 200 acres—far short of the 1,000+ acre parcels offered by competing states like Ohio.[1]

The 2026 JOBS Act (SB 1586)

To rectify these shortages, a bipartisan group of 36 legislators introduced Senate Bill 1586, the "Jobs, Opportunity, Build-ready Sites" (JOBS) Act, in early 2026.[1] The Act aims to foster economic development by modifying tax credits, streamlining permit processes, and adjusting land-use designations.[11]

Key Provisions of the JOBS Act:

- **Land Use:** Explicitly brings 1,700 acres identified in North Hillsboro into the Urban Growth Boundary (UGB) to create the large-scale tracts required for next-generation semiconductor projects.[1]
- **R&D Tax Credit:** Modifies the tax credit for semiconductor research and expands eligibility to include clean tech and life sciences.[10]
- **Property Tax Waivers:** Creates a local-option property tax waiver for new machinery and equipment in advanced manufacturing to replace the expired elements of the SIP program.[1]
- **Permit Streamlining:** Directs state agencies to establish and publicize deadlines for permit applications to ensure "speed to market".[11]

While supporters argue the JOBS Act is necessary to prevent high-paying jobs from being recruited by other states, it faces criticism from local residents and environmental groups. Critics argue the Bill breaks the "Grand Bargain" of 2014, risks losing valuable farmland, and puts undue stress on power and water systems for the sake of data centers and industrial pollution.[14]

Ranking Oregon's Competitiveness: A National Comparison

The 2022 federal CHIPS Act has ignited a manufacturing renaissance, with billions in subsidies reshaping the talent and investment demand across the country.[16] As of 2025-2026, several states have surged ahead of Oregon by offering larger sites, faster permitting, and more aggressive tax structures.

The 10 Most Competitive States for High-Tech Investment (2025-2026)

This ranking synthesizes data from the Tax Foundation's 2026 State Tax Competitiveness Index, CNBC's Top States for Business 2025, and Site Selection Magazine's 2026 North American Tech Hubs Index.

1. **North Carolina:** Ranked #1 by CNBC in 2025.[17] Its greatest advantage is a world-class workforce development program and a corporate tax rate slated to hit 0% by 2030.[19]
2. **Georgia:** Ranked #1 overall by Area Development for 12 consecutive years.[2] It leads the nation in speed of permitting and has secured massive EV and manufacturing investments.[2]

3. **Texas:** The top state for site availability and business climate.[2] Its "Silicon Hills" and the new JETI property tax incentive make it a primary leader in semiconductor manufacturing.[16]
4. **Ohio:** Home to Intel's "Silicon Heartland," the largest chip manufacturing project in American history.[16] It offers the second-lowest cost of doing business and massive industrial parcels.[17]
5. **Virginia:** Ranked #1 for workforce training programs.[2] It has recently introduced refundable semiconductor tax credits for capital and wages.[16]
6. **Arizona:** Beneficiary of TSMC's $100 billion investment.[16] It offers aggressive quality job tax credits and is a leader in semiconductor fabrication jobs.[16]
7. **South Carolina:** Known for exceptional collaboration among state agencies and utilities.[2] It uses Fee-in-Lieu of Property Taxes (FILOT) to stabilize costs for up to 30 years.[31]
8. **Indiana:** Ranks in the top 10 for neutral and efficient tax structures.[32] It uses regional consolidation to provide "speed and scale" to projects.[21]
9. **Michigan:** Recently reintroduced a powerful state-level R&D tax credit.[35] It is a national leader in clean energy and EV battery manufacturing jobs.[26]
10. **Utah:** A top state for relative growth in manufacturing employment and high-tech industries.[26] It offers affordable operating costs and business-friendly regulations.[26]

Detailed Incentive Profiles for the Top 5 Competitive States

The following profiles highlight the key incentive programs utilized by the most competitive states to attract high-tech manufacturing and high-paying jobs, specifically excluding data center-specific tools.

1. North Carolina: Performance-Based Grants

North Carolina has transitioned away from traditional tax credits in favor of a discretionary, performance-based model.

- **Job Development Investment Grant (JDIG):** Provides annual cash grants to new and expanding companies based on a percentage of the personal income tax withholdings from new jobs.

- **Transformative Project Provision:** For projects creating at least 3,000 jobs and investing $1 billion, the JDIG term can be extended to 40 years, with grants potentially covering 100% of withholdings.
- **Corporate Tax Elimination:** The state is on a statutory path to reduce its corporate income tax to 0% by 2030, currently sitting at 2% for 2026.

2. Georgia: Tiered Job and Investment Credits

Georgia's programs are designed to lower corporate tax and payroll liabilities based on the quality of jobs created.

- **Quality Jobs Tax Credit:** Targeted at high-paying roles, this credit ranges from $2,500 to $5,000 per job for positions paying at least 110% of the county's average wage.
- **Investment Tax Credit:** Offers manufacturers that have operated in the state for at least three years a credit of 1% to 8% for equipment expenditures on new or existing facilities.
- **Job Tax Credit:** Provides $1,250 to $4,000 per job annually for five years, specifically targeting preferred industries like manufacturing and biomedical research.

3. Texas: Targeted Property Tax Reductions

Texas has narrowed its primary incentives to specifically exclude data centers and non-dispatchable energy, focusing on industrial R&D and manufacturing.

- **JETI Act (Chapter 403):** Replaced the Chapter 313 program to offer a 10-year, 50% reduction in school district maintenance and operations (M&O) property tax appraisals. Data centers are explicitly ineligible.
- **R&D Tax Credit:** Provides a franchise tax credit and sales tax exemption for qualifying research activities to foster a thriving innovation economy.
- **Personal Income Tax Exemption:** The lack of a state personal income tax serves as a primary tool for recruiting mobile tech talent and white-collar executives.

4. Ohio: Payroll and Infrastructure Support

Ohio leverages its "JobsOhio" private-sector partnership to provide discretionary support for "pad-ready" sites.

- **Job Creation Tax Credit:** A performance-based, nonrefundable credit calculated as a percentage of new payroll, recently applied to precision electronics and aerospace firms.
- **JobsOhio R&D Grants:** Discretionary grants that support the establishment of R&D centers and the commercialization of new manufacturing technologies.[2]
- **Infrastructure and Utilities Support:** Significant state funding for highway and utility upgrades specifically to support large-scale industrial parks.[16]

5. Virginia: Semiconductor-Specific Refundable Credits

Virginia has introduced some of the nation's most targeted legislation for the semiconductor supply chain.[27]

- **Semiconductor Manufacturing Tax Credits (2026):** Establishes three refundable credits: 5% of capital expenditures, 6% of childcare expenditures (for workforce retention), and 7.5% of wages paid for new jobs.[6]
- **Virginia Talent Accelerator Program:** A "concierge-style" recruitment and training service that provides customized workforce solutions at no cost to manufacturing firms.[2]
- **Current and Mature Semiconductor Technology Grant Fund:** Provides up to $70 million in grants for projects involving over $2.17 billion in capital investment.[12]

Oregon's Position: In the 2026 State Tax Competitiveness Index, Oregon ranks 12th in innovation but is hampered by the nation's second-worst corporate tax structure.[10] While Oregon's lack of a sales tax remains a competitive advantage (ranked 4th), its reliance on complex business taxes and the expiration of the SIP program have dropped it out of the top tier for recruitment.[10]

Table 4: Competitive Comparison of Top 5 States vs. Oregon (2026)

State	Corporate Tax Rank	Overall Tax Rank	Primary High-Tech Incentive	Workforce Development Rank
North Carolina	#3	#15	JDIG (Performance-based grants) [20]	#1 [17]

Georgia	#9	#18	Quality Jobs Tax Credit [44]	#2 [2]
Texas	#46 (Gross Receipts)	#7	JETI (Property Tax Limitation) [24]	#1 for Workforce Access [17]
Ohio	#38	#42	JobsOhio R&D Grants [26]	Top 10 for Manufacturing [26]
Virginia	#26	#7	Refundable Semiconductor Credits [27]	#1 for Training Programs [2]
Oregon	#49	#12	Single Sales Factor; SB 1586 (Pending) [1]	#11 for Innovation [42]

Analysis of Regulatory and Infrastructure Strategies in Competing States

To entice out-of-state and foreign investment, the most competitive states are structuring their property and income tax programs around "speed-to-market" and "certainty."

Performance-Based Grants and Corporate Rate Reductions

North Carolina's JDIG provides annual cash grants to new and expanding businesses based on a percentage of withholding taxes paid by new employees.[20] This performance-based model is paired with a statutory mandate to reduce the corporate income tax rate to 0% by 2030, offering long-term stability that Oregon's current system lacks.[20] Similarly, Pennsylvania has been consistently lowering its corporate tax rate to reach 4.99%, a move that helped it attract $6.7 billion in capital investment in late 2025.[46]

Property Tax Abatements and Fee-in-Lieu Agreements

Texas recently replaced its sunsetted Chapter 313 program with the Jobs, Energy, Technology and Innovation (JETI) Act (Chapter 403).[24] This program provides property tax valuation reductions in exchange for significant investments and job creation, specifically targeting manufacturing, energy, and technology facilities.[24] South Carolina's Fee-in-Lieu of

Property Taxes (FILOT) allows companies to lower the assessment ratio from 10.5% for manufacturers to as low as 6% for up to 30 years, providing the same "tax certainty" that Nike negotiated in Oregon but making it accessible to a wider range of investors.[31]

It should be noted that in Oregon, property taxes are the main way that cities fund themselves. With the structural challenges with Measure 5, Measure 50, and the growth in expenses, property tax incentives are very difficult for cities to give out. They also don't allow the cities to take advantage of the reward of more jobs and more income tax. Property tax abatements would have to come with a sip-like program.

Infrastructure and "Speed-to-Power"

In the 2026 site selection landscape, power availability has become the ultimate differentiator.[2] High-capital projects like semiconductor or biotech facilities are sensitive to timelines, leading states like Georgia to lead for speed of permitting.[2] States that identify the "next generation of sites"—large, pad-ready industrial parcels with utility mapping already completed—are winning the largest projects.[2] Ohio's "Silicon Heartland" success is largely attributed to its ability to offer industrial parks with utilities and highway upgrades already in progress.[26]

Foreign Direct Investment (FDI) Trends and Strategies

The United States remains the world's largest investment destination as of 2025, with cumulative FDI reaching $5.7 trillion.[22] Japan continues to lead FDI in U.S. manufacturing, focusing on automotive and electronics, followed by Germany, Canada, and the UK.[22]

Table 5: Top States for Foreign Direct Investment (FDI) Projects (2025)

Rank	State	Primary FDI Sector	Recent Success Example
1	**Texas**	Energy & Semiconductors	Samsung Austin/Taylor ($44B) [16]
2	**Georgia**	EV & Batteries	Hyundai/LG Metaplant ($12B) [22]

3	**California**	AI & Software	Unmatched VC and tech talent base [50]
4	**North Carolina**	Biotech & Life Sciences	Citigroup Technology; Genentech [19]
5	**Illinois**	Quantum & Tech	Quantum Machines Chicago operations [21]

Foreign investors increasingly prioritize "sovereignty narratives" around data residency and export-control exposure.[51] Competitive states are responding by creating "fast-track" processes and conditioning clearances on investors terminating relationships with foreign adversaries.[51] New York offers the Excelsior Jobs Program, which includes a 0% corporate income tax for qualifying manufacturing projects to drive significant job creation from foreign firms.[41]

The Regional and Statewide Imperative: Why a Robust Tier One Ecosystem Matters

The economic health of the Silicon Forest is not merely a local concern for Hillsboro or Beaverton; it is a foundational pillar for the entire State of Oregon. This report has detailed how Washington County transitioned from a resource-dependent frontier into a global semiconductor leader through intentional policy and specialized infrastructure.[1] As the region faces a 2026 inflection point defined by the "SIP cliff" and acute land scarcity, the importance of maintaining this ecosystem extends far beyond individual city limits.[1]

The "Gravity" of Tier One Employers for All Oregon Cities

For all municipalities in Oregon, the presence of Tier One anchor firms like Intel and Nike provides a critical economic engine that fuels the entire state. Intel alone anchors a cluster that produces $13 billion in annual exports and accounts for 80% of the state's semiconductor industry.[1] The statewide impact is driven by a powerful multiplier effect: for every direct job at a Tier One firm, an estimated three additional jobs are created statewide through the supplier and service network.[1] In 2023, Intel spent $5.62 billion with Oregon-based suppliers like Lam Research and ASML, circulating capital into communities across the state.[1] Furthermore, the high-wage tax revenue generated by this cluster is a primary

contributor to Oregon's General Fund, which supports essential public services—including schools and healthcare—for every Oregon city.[21]

Importance to Neighboring and Land-Constrained Cities

Even for cities within Washington County that have limited remaining employment land, a robust Tier One ecosystem remains vital for long-term prosperity:

- **Supplier Hubs:** Land-constrained cities often serve as the primary homes for "Tier Two" and "Tier Three" manufacturers that must be close to major fabs. For example, semiconductor supplier NSI recently quadrupled its space in Sherwood specifically to support the growth of fab expansions in the region while retaining its local talent pool .
- **Residential and Commuting Nexus:** Cities like Sherwood, where 92% of working residents commute outside the city for work, rely on the high-paying jobs provided by nearby Tier One anchors to support high median household incomes and stable residential property values .
- **Regional Investment and Funding:** Historical mechanisms like the Gainshare program have returned income tax revenue to the county to fund essential infrastructure and schools that benefit all residents.[1]
- **Talent Incubation:** Tier One anchors function as "surrogate universities," attracting global talent and serving as incubators for smaller ventures.[1] This pool of highly skilled professionals eventually provides the human capital required for startups and local businesses in neighboring communities to thrive .

Future Outlook: Jobs, Economic Development, and the Impact of 2026 Policy

The future of the Portland metro area and Washington County depends on the state's ability to transition from its historical policy models to a modern, competitive framework. The region is currently facing the "SIP cliff," a housing crisis that makes talent recruitment difficult, and a manufacturing growth rate that has fallen to 45th in the nation.[1]

The Impact of the JOBS Act on Future Development

If passed, the 2026 JOBS Act (SB 1586) would provide the 1,700 acres of North Hillsboro land that the 2022 Semiconductor Task Force identified as critical for next-generation R&D.[1] Without this land, Oregon is effectively blocked from being in the conversation for

major semiconductor expansion projects, which typically require 500-700 acre contiguous parcels.[1] Proponents argue this Act will restore Oregon's competitiveness and prevent high-paying jobs from moving to states like Ohio or Texas.[1]

The Role of Tier One Employers in Job Creation

The health of the Silicon Forest remains tethered to its anchor firms. For every direct job at a company like Intel, three additional jobs are created statewide through the supplier network.[1] However, the 2026 environment is one of "allocation pressure," where logic and memory segments are commanding an outsized share of revenue growth due to the AI boom.[28] Oregon must ensure its infrastructure can support these AI-driven shifts, particularly in terms of grid reliability and the speed at which sites can be energized.[1]

The Talent and Housing Nexus

Beyond tax credits, the most significant drag on the Silicon Forest is the lack of affordable housing. Only 29% of households in the region can afford an average home.[1] If workers cannot afford to live in the Tualatin Valley, the "virtuous cycle" of talent attraction will break, regardless of the tax incentives offered to corporations.[1] States that combine workforce training with investments in "livability" and "resilience" will be the true winners of the 2026-2030 industrial era.[2]

The evolution of Washington County from a timber frontier to a global technology powerhouse was a triumph of 20th-century planning. To maintain this status in the 21st century, Oregon must navigate the legislative complexities of the JOBS Act and address the structural crises of land and housing. The Silicon Forest stands at a crossroads; the decisions made in the 2026 legislative session will determine whether it remains a global leader or becomes a legacy hub as investment flows to more aggressive and agile states in the South and Midwest.

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