



Testimony in Opposition to SB 1586 to the Senate Committee on Finance and Revenue

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Chairs Broadman, Vice-Chair McLane, Members of the Committee,

We are writing in opposition to SB 1586, which sets up expensive new tax credits for energy and water hungry data centers at a time that Oregon faces a funding crisis, and undoes key components of the Legislature's land use 'grand bargain' from 2014 by rezoning roughly 1700 acres of high value Washington County farmland for industrial uses. All this is being done in the rush of a 35-day short session based on vague and illusory promises from its proponents.

We farm and ranch on nearly 70 acres outside of Scio, raising grassfed beef and lamb, pasture-raised pork, vegetables and hay. We are a part of Oregon's agricultural economy, which is a huge economic driver in this state, not only providing economic opportunities and jobs in rural areas, but local food and natural resource benefits such as wildlife habitat, clean water and the potential for climate mitigation. The conversion of Oregon's best farmland to paved-over industrial and urban sites undermines and reverses all of these benefits. Recognizing this, voters and previous Legislatures, in their wisdom, set up a land use system with safeguards to slow the march of urbanization and industrialization into rural areas and farmland while encouraging these kinds of developments within urban growth boundaries. Unfortunately, this Legislature increasingly seems to have lost sight of these goals and has proposed multiple bills in recent years to circumvent the land use process for various kinds of developments, such as those included in SB 1586.

At a bare minimum, SB 1586 must be amended to remove sections 19-21. There is already ample industrial land available for development regionally and across the state, but instead of requiring that cities and counties make use of these lands for advanced manufacturing and related data centers, these sections inexplicably circumvent the land use process to allow for nearly 1700 acres of some of Oregon's best farmland outside Hillsboro to be converted to industrial uses. This provision reverses the so-called land use 'grand bargain' from 2014, raising serious questions about this Legislature's commitment to fair public process, land conservation, and compromise. The inclusion of this carveout from Oregon's land use rules for a specific plot of land within a tax credit bill with no input from any of the Legislature's land use or agriculture policy committees is misguided and wrong. Sections 19-21 must go.

Second, the new tax credits in this bill raise serious questions about the rigorousness of the Legislature's process in handing out public money to private corporations. During a normal legislative session, new tax credits are first vetted through a policy committee so that the policy pros and cons can be properly vetted. The role of Revenue and Finance Committees is normally

to determine whether or how much money is available, not to vet the deeper policy implications. This process ensures that tax credits represent well-crafted strategic policy choices that don't undermine other policy goals, and don't break the state's budget. No policy committee vetting process has taken place here. And the repeated refrain from the proponents of this bill that there will be no 'stand alone' data centers reveals that in fact new data centers are allowed under this bill with no limits other than they be 'accessory' to something else, which is practically no limit at all. Respectfully, this is a serious policy choice the Finance and Revenue Committee is not able to adequately consider on its own.

At a time when consumer energy prices in Oregon are spiking to all-time-highs due to the influx of data centers, when energy and water use from data centers is skyrocketing to unsustainable levels and undermining Oregon's environmental goals, and as the bubble-like boom-bust nature of AI, crypto and data-center driven industries is revealed almost weekly, massive and expansive tax credits and land and water giveaways to these industries are the last thing Oregon should be doing at this time. Instead, Oregon should join other states from Oklahoma to New York that are actively considering moratoria on new data centers during this time of unsustainable growth and upheaval in the industry. If not, Oregon could end up giving out massive subsidies to companies that may or may not even exist in a decade, even as schools and other core components of the state budget continue to struggle for sustainable funding.

Again, we urge your opposition to SB 1586. The short session this year simply does not allow the time needed to resolve the flaws in this bill or the significant issues it raises.

Thank you,

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