

Factory or farm? Oregon may alter land use for chipmakers

March 26 2023, by Andrew Selsky



Aaron Nichols holds rich soil on his farm on March 17, 2023, in the unincorporated community of Helvetia, Ore. Nichols believes that a bill in the Legislature that would allow the governor to unilaterally expand urban growth boundaries threatens farms. Credit: AP Photo/Andrew Selsky

Aaron Nichols walked past rows of kale growing on his farm, his knee-

high brown rubber boots speckled with some of the richest soil on earth, and gazed with concern toward fields in the distance. Just over the horizon loomed a gigantic building of the semiconductor chipmaker Intel.

For exactly 50 years, the farms and forests that ring Oregon's metropolitan centers have been protected from urban sprawl by the nation's first statewide law that placed growth boundaries on cities. Cities cannot expand beyond those borders unless they make a request and justify it. Approval by cities and counties can take months or even a few years (larger expansions also need approval by the Oregon Department of Land Conservation and Development).

But now, [a bill](#) being considered in Oregon's Legislature could authorize the governor to unilaterally expand those boundaries as part of Oregon's quest to lure chip companies and provide land for them to build their factories. The measure would also provide \$200 million in grants to chipmakers.

Farmers and conservationists are deeply worried about the proposal and what it will mean for a state that cherishes its open spaces.

"One of the reasons we bought our farm right here is that we knew that for 50 years we'd be farms, and everyone around us would be farms," Nichols said. "And now we're not so sure. Now it's up to one decision by the governor. And that's a scarier place to be."



Workers walk on a skybridge to and from a large Intel facility in Hillsboro, Ore., on March 17, 2023. Intel, which produces semiconductor chips, is Oregon's biggest corporate employer. Lawmakers are considering a bill that would allow the governor to expand urban growth boundaries for semiconductor-related industries. Credit: AP Photo/Andrew Selsky

State officials and lawmakers, on the other hand, are eager to bring more semiconductor factories to Oregon while billions of dollars of federal funding to promote the industry is available.

They were stung by Intel's decision last year to build a massive \$20 billion chipmaking complex in Ohio, and not in Oregon where suitable zoned land is scarce.

Oregon has its "Silicon Forest"—a counterpoint to California's Silicon Valley—and has been at the center of semiconductor research and production for decades. But Oregon is competing with other states to host multibillion-dollar microchip factories, called fabs. The competition heated up after Congress passed the CHIPS Act in 2022, providing \$39 billion for companies constructing or expanding facilities that will manufacture semiconductors and those that will assemble, test and package the chips.

Dramatically expanding semiconductor design and manufacturing in Oregon would create tens of thousands of high-paying construction jobs and thousands of manufacturing and supply chain jobs, the [Oregon Semiconductor Competitiveness Task Force](#), said in a report in August.



Ben Clark, senior vice president of engineering of Inpria, talks to journalists at the company's lab in Corvallis, Ore., on March 3, 2023. Inpria is developing a method to make semiconductor chips have greater functionality. Oregon wants to attract more semiconductor-related businesses to Oregon and state lawmakers are considering a bill that would allow the governor to expand urban growth boundaries for chip factories. Credit: AP Photo/Andrew Selsky

But the task force warned that Oregon needs more buildable industrial land near infrastructure, talented workers and specialized suppliers to attract and retain semiconductor businesses, and called for "urgent legislative attention."

"This is about generational change," Democratic state Sen. Janeen Sollman, a chief sponsor of the bill, said during a recent tour of an HP Inc. campus in Corvallis, Oregon. "This is the opportunity that students will have for their future in going into these types of jobs."

Today, thanks to a former Republican governor, you can drive from many cities in Oregon and within minutes be in farm or ranch country, unlike many states where cities are surrounded by expanses of shopping centers and housing developments.

Tom McCall, who served as Oregon's governor from 1967 to 1975, had successfully championed protections for Oregon's beaches to ensure they remained public. In 1973, he urged lawmakers to push for a tough new land-use law.



Melvin Van Donelen, 91, sits outside a restaurant in the small town of North Plains, Ore., on March 17, 2023. Van Donelen said he doesn't like to see development come to his small town near Portland, Ore., but believes it is inevitable. Semiconductor businesses might be cropping up nearby before long if state officials are able to provide incentives for them, including setting aside land to build on. Credit: AP Photo/Andrew Selsky

"Sagebrush subdivisions, coastal 'condomania' and the ravenous rampage of suburbia here in the Willamette Valley all threaten to mock Oregon's status as an environmental model of this nation" McCall said in a speech before the Legislature in 1973.

The Legislature complied, passing [a bill](#) that established the nation's first statewide urban growth boundary policy.

Washington state and Tennessee followed Oregon's lead. In 1982, a ballot measure called for a repeal in Oregon. McCall, who was dying of cancer, campaigned against it. Voters upheld Oregon's land-use system by rejecting the measure two months before McCall died.

Under Oregon's system, an urban growth boundary designates where a city expects to grow over the next 20 years. Once land is included in a UGB, it is eligible for annexation to a city. Those UGB lines are regularly expanded. From 2016 through 2021, 35 were approved, according to the Oregon Department of Land Conservation and Development.



Aaron Nichols poses next to his tractor on March 17, 2023, in the unincorporated community of Helvetia, Ore. Nichols believes that a bill in the Legislature that would allow the governor to unilaterally expand urban growth

boundaries threatens farms. Credit: AP Photo/Andrew Selsky

But the process takes time. McMinnville, in Oregon's fabled wine country, battled for 20 years to expand its boundary, said Robert Parker, director of strategy at the University of Oregon's Institute for Policy Research and Engagement.

Obtaining approval can take months or years, depending on its level of controversy, said Gordon Howard, of Oregon's land conservation department. Appeals to the courts or a state board cause further delays.

That's too long a wait for chipmaking companies, especially those that want to take advantage of CHIPS Act funding.

"Other states offer a more streamlined approach that is more in sync with the speed of the market," according to Oregon's semiconductor task force, whose members included then-Gov. Kate Brown.

Under the bill, the governor may designate up to a maximum of eight sites for UGB expansion: two that exceed 500 acres (202 hectares) and six smaller sites. Any appeals go straight to the state Supreme Court.



The lunchtime crowd enjoys food and beer on March 17, 2023, at the Last Waterin' Hole restaurant in North Plains, Ore. The farming community is on tap to undergo changes if the state is able to attract semiconductor businesses nearby. Intel already has a large facility in the nearby city of Hillsboro, Oregon, and is the state's largest corporate employer. Credit: AP Photo/Andrew Selsky

The Oregon Farm Bureau, which represents 7,000 family farmers, said the effort should instead focus on lands already within the urban growth boundary.

"The conversion of agricultural lands into paved industrial lands is a permanent destruction of our natural and working lands," said bureau Vice President Lauren Poor. "Once it's paved, the soil and its ability to sequester carbon, support our food system and generate income for

Oregonians is gone forever."

Washington County, where Nichol's farm is located, produces more clover seed crop than anywhere else in the world, thanks to its unique soil and rainy climate, said Nicole Anderson, an associate professor at Oregon State University's Department of Crop and Soil Science.

"I hope that science and consideration of our land resources are considered when this bill is voted on," Anderson told the Legislature's joint committee on semiconductors on March 13.



State Sen. Janeen Sollman, a Democrat from Hillsboro, poses on the Senate floor in the Oregon State Capitol in Salem, Ore., on March 16, 2023. Sollman is a chief sponsor of a bill in the Legislature aimed at attracting more of the semiconductor industry to Oregon. One of the provisions would allow the

governor to expand a limited number of urban growth boundaries to provide land for the industry, sparking concern among farmers and conservationists. Credit: AP Photo/Andrew Selsky



Customers walk toward the Last Waterin' Hole restaurant in North Plains, Ore., on March 17, 2023. Just over the horizon, in the city of Hillsboro, Ore., is a large facility owned by Intel, the semiconductor chip maker. More semiconductor facilities might be cropping up closer to North Plains if a bill in the Legislature becomes law, giving the governor the authority to expand urban growth boundaries to create large tracts for chip manufacturers to build. Credit: AP Photo/Andrew Selsky



Aaron Nichols examines organic kale growing on his farm in the unincorporated community of Helvetia, Ore. Nichols believes that a bill in the Legislature that would allow the governor to unilaterally expand urban growth boundaries threatens farms. Credit: AP Photo/Andrew Selsky

On Friday, the ways and means committee sent the bill for a vote on the Senate floor. The Senate will consider the priority legislation this week.

"I am thrilled to see this legislation pass out of committee and look forward to seeing it through to the finish line," said Rep. Kim Wallan, a Republican and a chief sponsor of the bill.

Parker, the land-use expert, doesn't believe its passage would mark the start of the end of Oregon's treasured policy.

"Will there be more challenges and bumps in the road ahead? Yeah, I think so," Parker said. "But I feel like it is so well established in the state at this point that it has the inertia to carry it through those challenges."

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