

# Oregon alters half-century-old land use law for chipmakers

April 7 2023, by Andrew Selsky



The Oregon state Senate convenes for the first day of the legislative session on Tuesday, Jan. 17, 2023, at the state Capitol in Salem, Ore. In an attempt to attract semiconductor companies to Oregon, the state Legislature on Thursday, April 6, 2023, authorized the governor to expand urban growth boundaries to provide land for chip makers to build factories and provides over \$200 million in grants to chipmakers. Credit: AP Photo/Claire Rush, File

In an attempt to attract semiconductor companies to Oregon, the state Legislature authorized the governor on Thursday to expand urban growth boundaries [to provide land for chipmakers to build factories.](#)

Lawmakers backing the bill, which also provides some \$200 million in grants to chipmakers, said it's needed to make Oregon more competitive among other states in luring more of the multibillion-dollar semiconductor industry to the state. Other lawmakers argued that the measure is an attack on [the nation's first statewide policy](#)—created a half-century ago—that limits urban sprawl and protects farmland and forests.

"These regulations have resulted in 50 years of success protecting our farm and forest lands, containing [urban sprawl](#) and protecting natural resources," said Rep. Anna Scharf, a Republican. "Senate Bill 4 throws that out the window."

The bill, approved by the state Senate last week and passed by the House on a 44-10 vote Thursday, allows Gov. Tina Kotek to designate up to a maximum of eight sites for urban growth boundary expansion—two that exceed 500 acres (202 hectares) and six smaller sites.

"There is some extremely valuable farmland in the area that produces Oregonians' food and provides those families and those employees jobs," Scharf said. "Farmland, once it is paved over, can never be reclaimed."



Workers walk on a skybridge to and from a large Intel facility in Hillsboro, Ore., on March 17, 2023. In an attempt to attract semiconductor companies to Oregon, the state Legislature on Thursday, April 6, 2023, authorized the governor to expand urban growth boundaries to provide land for chip makers to build factories and provides over \$200 million in grants to chipmakers. Credit: AP Photo/Andrew Selsky, File

Rep. Kim Wallan, a Republican and co-sponsor of the bill that a joint committee spent more than a month working on, said it gives Kotek only narrow authority and is aimed at expediting the process for setting aside land for semiconductor factories, called fabs, and related businesses.

State officials and lawmakers were stung by chipmaker 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. Intel is the state's largest corporate employer.

In Oregon, once land is included in an urban growth boundary, it is eligible for annexation to a city. Those boundary lines are regularly expanded. But the process can take months or even years. Under the bill, any appeals to the governor's urban growth boundary expansions are expedited by going straight to the state Supreme Court.



Aaron Nichols examines organic kale growing on his farm in the unincorporated community of Helvetia, Ore. In an attempt to attract semiconductor companies to Oregon, the state Legislature on Thursday, April 6, 2023, authorized the governor to expand urban growth boundaries to provide land for chip makers to build factories and provides over \$200 million in grants to chipmakers. Credit: AP Photo/Andrew Selsky, File

The bill goes to Kotek for signing into law and takes effect immediately. In a statement Thursday, Kotek said the bill makes Oregon "poised to lay the foundation for the next generation of innovation and production of semiconductors."

"Oregon has been at the center of the semiconductor industry in the United States for decades," the Democrat said. "This bill is an absolutely essential tool for leading a coordinated effort with the [private sector](#) to ensure we can compete for federal funds to expand advanced manufacturing in Oregon."

The CHIPS and Science Act, passed by Congress in 2022, provides \$39 billion for companies constructing or expanding facilities that will manufacture semiconductors and those that will assemble, test and package the chips.

It was Republican Gov. Tom McCall, who served from 1967 to 1975, who had urged [lawmakers](#) to push for a tough new land-use law. In a 1973 speech at the Legislature, he denounced "sagebrush subdivisions, coastal 'condomania' and the ravenous rampage of suburbia." Lawmakers responded by passing the law that placed growth boundaries on Oregon's cities.



Customers walk toward the Last Waterin' Hole restaurant in North Plains, Ore., on March 17, 2023. In an attempt to attract semiconductor companies to Oregon, the state Legislature on Thursday, April 6, 2023, authorized the governor to expand urban growth boundaries to provide land for chip makers to build factories and provides over \$200 million in grants to chipmakers. Credit: AP Photo/Andrew Selsky, File



The lunchtime crowd enjoys food and beer on March 17, 2023, at the Last Waterin' Hole restaurant in North Plains, Ore. In an attempt to attract semiconductor companies to Oregon, the state Legislature on Thursday, April 6, 2023, authorized the governor to expand urban growth boundaries to provide land for chip makers to build factories and provides over \$200 million in grants to chipmakers. Credit: AP Photo/Andrew Selsky, File

Some opponents of the Oregon CHIPS bill objected on Thursday to changing a system that's been in place for 50 years.

"I cannot in good conscience give the governor what is essentially a super-siting authority to take lands and bring them into the urban growth boundary," said Rep. Ed Diehl, a Republican. "That is not the Oregon way."

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