



April 29, 2019

House Committee on Economic Development
Attn: Chair Lively, Vice-Chair Bonham, Vice Chair Fahey and Committee Members
Hearing Room D (1:00 PM)

RE: Testimony in opposition to SB 365

Dear Chair Lively, Vice-Chair Bonham, Vice Chair Fahey and Committee Members,

Thank you for the opportunity to submit testimony in **opposition of SB 365**, which, if passed, would prohibit Oregon counties from collecting System Development Charges (SDCs) for marijuana grow operations on EFU zoned land. In addition to this testimony, I respectfully request that the committee review Deschutes County Board of County Commissioner's testimony submitted at the February 28th hearing before the Senate Committee on Business and General Government. Whereas our prior testimony reflected upon the unique circumstances in Deschutes County, this testimony focuses on **why SB 365 is bad policy for the State of Oregon.**

History of SDC Statutes (ORS 223.297-314)

Oregon's SDC statutes have been in place for 30 years and have proven to be an invaluable tool to provide infrastructure funding for local government. To date, **no land use has ever been exempt from SDCs** within state statute. Not schools. Not parks. Not affordable housing. If approved via SB 365, marijuana grow operations would become the only land use to successfully petition the legislature for exemption. Exempting specific land use from SDC payment disrupts the integrity and fairness of the process that the legislature has held intact for three decades.

An Exemption is a Subsidy

There is no such thing as a free lunch - somebody always pays. Exempting SDCs has the effect of transferring the transportation system impact of marijuana grow operations to other taxpayers. Marijuana grow facilities in Deschutes County are not benign development with negligible impact. The facilities include industrial style buildings complete with conference rooms, break rooms for employees, and parking lots. **In SB 365, the legislature is being asked to provide a subsidy to a specific land use for which no other land use is eligible within the state.**

Deschutes County's SDCs are Fair and Equitable

The transportation system cannot differentiate between traffic generated by one type of development versus another; system capacity is consumed regardless of its origin. Deschutes County's SDC methodology assess \$4,240 per peak hour trip added to the system. For marijuana grow facilities, this equates to \$0.81 per square foot of construction. For construction costs in the range of \$100 per square foot, the SDC represents less than 1% of the cost of a project. This is hardly punitive or cost prohibitive to the industry.

Local Government has Discretion to Exempt

Many local governments provide SDC exemptions within their SDC methodologies for a variety of land uses that they wish to incentivize via this subsidy. **This is the proper way in which to address SDC exemption – in an open and transparent manner** in which a local government can make the choice to subsidize.

Please Reject SB 365

We appreciate the opportunity to provide testimony to the House Committee on Economic Development. For the reasons cited above and more, **SB 365 is bad policy** and we respectfully request the Committee reject this bill.

Yours Truly,



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