



**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503**

July 25, 2022  
(Senate)

## **STATEMENT OF ADMINISTRATION POLICY**

### **Senate Substitute Amendment to H.R. 4346 – CHIPS Act of 2022**

The Administration strongly supports Senate passage of the Senate substitute amendment to H.R. 4346, the CHIPS Act of 2022. This bipartisan legislation would strengthen our economic and national security, catalyze semiconductor production and innovation, advance U.S. leadership in science and technology, boost resilience in U.S. supply chains, create good-paying jobs for U.S. workers in communities across the country, and lower prices for U.S. consumers.

Semiconductors are the building blocks of the modern economy. They power everything from automobiles, consumer electronics, and household appliances, to the advanced weapons systems necessary for the national defense. Disruptions in the semiconductor supply chain, stemming from reliance on foreign imports from geographically concentrated sources of production, have raised prices for American consumers, cost the United States jobs, and threatened the Nation's security. High prices for automobiles caused by the semiconductor shortage accounted for a full one-third of core inflation last year, and the shortage cost the U.S. economy nearly \$240 billion overall.

The bill would provide \$52.7 billion in appropriations to implement the currently authorized Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Act, passed as part of the bipartisan William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, and other critical initiatives. This includes \$39 billion for incentives to build, improve, or expand U.S. semiconductor manufacturing, including \$2 billion for production of the mature semiconductors critical for automobiles. It would also invest \$13.2 billion in semiconductor research and development (R&D), the development of a highly skilled semiconductor workforce, and the creation of a Microelectronics Commons network.

The bill would provide \$1.5 billion for the Public Wireless Supply Chain Innovation Fund to support U.S. and allied leadership in the global telecommunications arena by accelerating open architectures and fostering a competitive, secure, and standards-based ecosystem for 5G and beyond networks. The bill also includes a 25 percent investment tax credit for manufacturing of semiconductors or semiconductor manufacturing equipment in the United States. Enhancing the Nation's ability to manufacture our own semiconductors will make the U.S. economy more resilient and U.S. supply chains less vulnerable to shocks like COVID-19.

The bill would ensure that these investments in semiconductor production share benefits with the American people through worker training, investments in disadvantaged communities, and opportunities for disadvantaged workers. Funds for semiconductor fabrication construction would include Davis-Bacon Act prevailing wage requirements, ensuring that the thousands of jobs created by these investments are high-quality and good-paying.

The bill includes strong guardrails to ensure responsible stewardship of taxpayer funds, as well as strong oversight mechanisms that include clawback provisions to reclaim funds if conditions are not met. It would also ensure that funding recipients could not use taxpayer funds for stock buybacks and shareholder dividends. It would prohibit funding recipients from making certain investments in foreign countries of concern, including the People's Republic of China.

The bill would authorize historic bipartisan investments in critical science and engineering research to enhance U.S. science and technology leadership, from artificial intelligence to advanced energy, including through a new directorate at the National Science Foundation. The legislation would provide support for broadening participation in science, technology, engineering, and mathematics (STEM) education and jobs. It would reauthorize the Department of Energy Office of Science and the Department of Commerce National Institute of Standards and Technology. It would also strengthen scientific research and technology commercialization activities at academic institutions across the country.

The bill would support good-paying jobs and regional economic development in all of America, including through authorization of a regional technology and innovation hub program at the Department of Commerce to ensure communities across the country share in the benefits of science and technology research, development, and manufacturing. It would also authorize a pilot program at the Economic Development Administration for flexible, long-term grants for the most persistently distressed communities.

The Administration applauds these steps to strengthen our economic competitiveness by authorizing investment in our R&D capabilities and manufacturing base in a diverse set of U.S. regions and communities, particularly in states and communities that have historically not benefited from these investments.

The Administration supports these critical measures to invest in the Nation's competitiveness and technological leadership, outcompete the People's Republic of China, and support domestic manufacturing jobs in communities across the country. We look forward to working with the House and Senate to pass this important legislation and strengthen our economic and national security for generations to come.

\* \* \* \* \*