

Unusual Ohio Election in August

Due to disagreements over the drawing of new legislative district maps for the state of Ohio, the Primary Election for General Assembly candidates will be held on Tuesday, August 2. Early voting for this election began on July 6 and continues until Election Day. Ohio voters have an opportunity to narrow the candidates for legislative races in the November General Election, but may not realize the primary has been rescheduled to this later date.

Ohioans can find information about early voting in person, mail-in ballots, voting on Election Day, and registering to vote (still available for the November General Election) from Ohio Secretary of State Frank LaRose at www.voteohio.gov

Ohio Governor and Businesses Support Full Funding for CHIPS Act

The announcement of Intel Corporation's intention to build the largest computer chip manufacturing facility in the world in Ohio brings opportunities for the entire economy, including hotel & lodging businesses. But delays in securing passage of the final version of important legislation which will strengthen semiconductor research, design, and manufacturing in the U.S. could mean those economic impacts will take longer to materialize. That's why Ohio Governor Mike DeWine and leaders from other states are calling on members of Congress to enact and fully fund the Creating Helpful Incentives for the Production of Semiconductors for America (CHIPS) Act.

Members from both parties in both the House and Senate have passed versions of the legislation which will provide real-world economic opportunity not only in Ohio but across the country. The CHIPS Act will help revitalize semiconductor production here at home – and allow Ohio to maximize the opportunities possible as a new technology hub.

The CHIPS Act authorized federal incentives to promote semiconductor manufacturing and increased investments in semiconductor research, but these programs need to be funded to make them a reality. Senate-passed legislation (S. 1260) and the House-passed COMPETES Act (H.R. 4521) include \$52B in funding for the CHIPS Act. Congress must promptly enact compromise legislation with full CHIPS funding.

Business groups in the technology sector and beyond support the CHIPS Act. Because of the potential massive direct impact on hotel & lodging business in our state, OHLA can provide a sample letter and contact information for lawmakers for any hotel business that would like to share a similar message with their elected officials to urge support for the CHIPS Act. Contact info@ohla.org to obtain a sample letter you can use today.

Communities Can Access Site Revitalization Funds

Governor Mike DeWine's administration announced grant funds totaling almost \$42.2 million as part of the first phase of the [Ohio Building Demolition and Site Revitalization Program](#). Communities can use the money to turn blighted properties into new opportunities that attract investment, business and jobs.

Up to \$500,000 per county is set-aside under this round, with 72 of Ohio's 88 counties already having requested the full amount. But remaining funds will be awarded on a first-come, first-served basis to counties that applied for funding in excess of \$500,000. The total program funding is approximately \$150 million and is part of the Ohio BUILDS effort along with the Brownfield Remediation Program.

If you are interested in learning more about how revitalization funding can create opportunities in your communities, contact OHLA's government affairs team at info@ohla.org.

Enact Bipartisan Competitiveness Legislation to Strengthen Semiconductor Research, Design, and Manufacturing in the U.S.

Congress should promptly enact bipartisan competitiveness legislation that (1) provides \$52 billion in funding for the CHIPS for America Act to strengthen U.S. chip research, design, and manufacturing and (2) includes a 25% investment tax credit for semiconductor manufacturing and design (as called for in the FABS Act). These initiatives are part of a holistic, integrated strategy for U.S. semiconductor leadership.

WHY IT'S IMPORTANT

Semiconductors are critical to the U.S. economy, national security, and technology leadership.

- Semiconductors enable the key technologies driving the future economy and our national security – AI, 5G/6G, quantum computing, cloud services, etc.
- The current shortage of chips highlights the vital role of semiconductors throughout the entire economy – including aerospace, automobiles, communications, defense systems, information technology, manufacturing, medical technology, and others.
- A resilient semiconductor supply chain and U.S. semiconductor technology leadership is critical to our national security, critical infrastructure, and economy.

THE CHALLENGE

U.S. semiconductor leadership is at risk as global competitors invest heavily to build their domestic industry and technology capabilities.

Manufacturing

The U.S. share of modern global semiconductor manufacturing capacity has declined from 37% in 1990 to only 12% today.

- Global competitors are investing heavily in manufacturing, and the U.S. needs to enhance the resilience of its semiconductor supply chain.
- Due primarily to foreign government incentives, the cost of building and operating fabs is 20-40% higher in the U.S. than abroad.

Research and Design

Semiconductor research and design are key foundations of U.S. technology leadership.

- U.S. chip companies are world leaders in semiconductor research and design, but global competitors are seeking to challenge this lead.
- To maintain global technology leadership, the U.S. semiconductor industry invests approximately 20% of revenue in research.
- Unfortunately, federal investment in research has been flat for decades, limiting innovation and the training of the next generation of innovators.

Global competitors are heavily incentivizing semiconductor design, with investment tax credits as high as 50% and significant grant programs.

THE SOLUTION

To compete with the substantial foreign subsidies and to address our supply chain vulnerabilities, Congress should enact bipartisan competitiveness legislation that (1) funds the CHIPS Act and (2) includes a FABS Act investment tax credit incentivizing both semiconductor manufacturing and design in the U.S. Both are needed to provide robust incentives to strengthen the U.S. semiconductor ecosystem, and both should be included in competitiveness legislation Congress is considering.

CHIPS Act: Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America

Act – Congress authorized federal incentives to promote semiconductor manufacturing and increased investments in semiconductor research as part of the FY2021 NDAA (Title XCIX) (P.L. 116-283), but these programs need to be funded to make them a reality.

- The Senate-passed USICA (S. 1260) and House-passed COMPETES Act (H.R. 4521) include \$52B in funding for the CHIPS Act.
- Congress must promptly enact compromise legislation with full CHIPS funding.

FABS Act: Facilitating American-Built Semiconductors Act (FABS Act) - the bipartisan FABS Act (H.R. 7104/S.2107) would establish a tax credit for investments in constructing, expanding, and upgrading semiconductor manufacturing facilities and equipment in the U.S., and the House bill includes a credit for semiconductor design.

- SIA strongly supports the House version of the FABS Act to provide a credit for both semiconductor manufacturing and design as a means of strengthening the entire ecosystem. This version should be included in final competitiveness legislation Congress is considering.



CHIPS GRANTS AND FAB TAX CREDITS – AN INTEGRATED POLICY APPROACH FOR U.S. LEADERSHIP

Both CHIPS grants and tax credits for semiconductor manufacturing and design are parts of a complementary, holistic strategy, and both are needed to produce robust, predictable, and durable incentives to restore U.S. semiconductor leadership.

The original bipartisan CHIPS Act in the 116th Congress (S.3922/H.R.7178) included both direct grants and a tax credit for semiconductor manufacturing facilities and equipment. When the CHIPS programs were authorized as part of the FY 2021 NDAA the tax provisions were removed.

Grants and tax credits for chip manufacturing and design reinforce each other.

- Grants offer targeted, one-time incentives for manufacturing
- Tax credits for manufacturing and design offer ongoing, predictable incentives to continue ongoing investments to construct, upgrade, and expand new and existing facilities and to conduct advanced chip design.

CHIPS grants are focused on manufacturing capabilities, while strengthened FAB tax credits provide incentives for both manufacturing and design.

The grant program allows Commerce to target funding to address key gaps and vulnerabilities in our supply chain, while the tax credits allow for more streamlined implementation and can assist companies and regions that do not receive a grant.

As the U.S. strengthens its semiconductor manufacturing and supply chain resiliency, it should bolster our longstanding leadership in chip design.

The CHIPS Act also includes investments in advanced development, such as funding for a National Semiconductor Technology Center (NSTC) and an Advanced Packaging Manufacturing Program (APMP).

- Investments in semiconductor research will help ensure the U.S. remains the global technology leader and will help educate the next generation of innovators, thereby providing the pipeline of scientists and engineers needed for the U.S. economy and national security.
- Funding facilities for advanced prototyping and piloting will help inventors through the “valley of death” where innovative ideas funded as pre-competitive basic research are unable to secure the necessary investment to become commercially viable.



VOICES IN SUPPORT

The CHIPS Act and FABS Act enjoy broad-based support from bipartisan leaders in government, national security, and business.

- 22 bipartisan [governors](#)
- [National security leaders](#), including former leaders of the Department of Defense and intelligence community
- Dozens of [CEOs](#) from a diverse range of companies, including the CEOs of Alphabet, Apple, Cisco, Ford, General Motors, and Medtronic, as well as major [industry associations and unions](#) representing major sectors of the economy and broad business groups, such as the U.S. Chamber of Commerce and the National Association of Manufacturers.

Funding the CHIPS Act and enacting the FABS Act are vital to our economic future, technology leadership, and national security.



America's Future is Built on Semiconductors



February 24, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader Schumer, Leader McCarthy, and Leader McConnell:

We the undersigned Governors are thankful for the recent progress in moving forward the legislative package needed to enact and fully fund the Creating Helpful Incentives for the Production of Semiconductors for America (CHIPS) Act and restore American domestic manufacturing superiority. Now that both chambers have acted on this economic and national security priority, we urge you to take swift bipartisan action to reconcile the two bills to get to the President's desk for signature. Now is the time for a comprehensive solution to this national security and economic crisis. The \$52 billion in incentives provided under the CHIPS Act to boost domestic chip production and invest in innovative scientific research will help the United States regain our leadership in semiconductor manufacturing and support the businesses and workers who make the products dependent on these chips.

As you know, semiconductor chips are a vital component of many of the products used by consumers every day. The global shortage of these chips, exacerbated by the pandemic and supply chain constraints, has impacted people and industries across the country. As Governors, we can all point to industries in our states that have been impacted – from auto manufacturing to consumer electronics, home appliances, medical devices, agriculture, defense and more. These shortages have resulted in reduced production and in some cases, idled plants. This means workers with less income, increased prices at the store, less products for consumers to buy and an ever-growing dependence on foreign supplies.

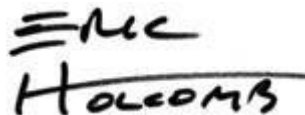
That is why fully funding a package to grow domestic manufacturing, support the development of cutting-edge technological innovation, and create a high-tech workforce is so important. In the long run, increased domestic production of semiconductor chips will help to protect jobs, strengthen our supply chain, improve our national security and defense, allow our economy to grow, and keep the United States a global leader in technology and manufacturing.

The Senate and House legislative packages address U.S. technology and communications, foreign relations and national security, domestic manufacturing, education, trade, and other matters and there is much to agree upon. The CHIPS Act, as funded in both packages, has wide bipartisan support in Congress and among states across the country. The economic development tools provided by the CHIPS Act will help us support our states' economies and revitalize semiconductor production here at home. Passage of an investment tax credit for semiconductor manufacturing and design, as provided in the FABS Act, would be another significant tool in our toolboxes to attract chip-focused investment. Congress should work to include this bipartisan incentive in the final competitiveness legislative package. We hope the two chambers will now come together quickly to expedite passage of this critical legislation.

Sincerely,



Governor Gretchen Whitmer
State of Michigan



Governor Eric Holcomb
State of Indiana



Governor Gavin Newsom
State of California



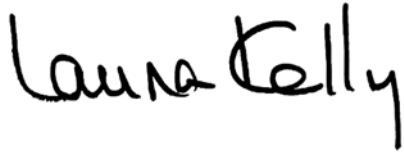
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State of Kentucky



Governor Charlie Baker
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Governor Steve Sisolak
State of Nevada



Governor Phil Murphy
State of New Jersey



Governor Michelle Lujan Grisham
State of New Mexico



Governor Kathy Hochul
State of New York



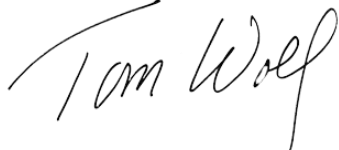
Governor Roy Cooper
State of North Carolina



Governor Mike DeWine
State of Ohio



Governor Kate Brown
State of Oregon



Governor Tom Wolf
State of Pennsylvania



Governor Spencer Cox
State of Utah



Governor Phil Scott
State of Vermont



Governor Jay Inslee
State of Washington



Governor Tony Evers
State of Wisconsin



Governor Mark Gordon
State of Wyoming