

# WHAT THE CHIPS ACT MEANS FOR OHIO

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On January 21 of this year business and political leaders from across the state gathered at the Midland Theatre in Newark for Intel's momentous announcement to invest \$20 billion towards constructing two semiconductor plants in New Albany. The facilities would employ 3,000 workers making, on average, \$135,000 annually. While that initial January announcement was largely credited to state budget efforts to apply Ohio's Job Creation Tax Credit to "mega projects", it was noted that with additional federal aid the Intel site could grow to eight factories at a total private investment of \$100 billion.

On August 9, 2022, President Joe Biden signed into law the Creating Helpful Incentives for the Production of Semiconductors (CHIPS) for America Act. The CHIPS Act provides \$52.7 billion for semiconductor research, development, and manufacturing in the United States. Of these funds, \$39 billion will be dedicated towards manufacturing incentives, including \$2 billion for the legacy chips used in automobiles and defense systems, \$13.2 billion in research and development and workforce development, and \$500 million to

provide for international information communications technology security and semiconductor supply chain activities. Finally, the CHIPS Act provides a 25% tax credit for capital expenses associated with making semiconductors and related equipment.

The swift passage of the CHIPS Act will bolster American manufacturing, create thousands of American jobs and help re-establish America's position as a leader in next-generation innovation. At present, the United States produces only 12% of the world's semiconductors, a decline from 37% in 1990. As we have seen throughout the pandemic, global supply lines have been easily disrupted, and semiconductor shortages can have potentially serious effects on our economy.

Beyond Intel, several other chipmakers such as Taiwan Semiconductor Manufacturing Corporation (TSMC), currently the world's largest contract manufacturer of semiconductors, and GlobalWafers, a Taiwanese company, have also expressed interest in onshoring their production capabilities to the United States. Both companies are now expected to make commitments to U.S.- based operations due to the CHIPS Act.

Among those present in the White House Rose Garden for the August 9 bill signing was Steve Stivers, the Ohio Chamber's President and CEO. As a recently retired Congressman, Stivers played an integral role in delivering the CHIPS Act across the finish line. Upon the expiration of his revolving door restrictions, Stivers immediately organized two trips to Washington D.C. to lobby former colleagues. On both occasions, Stivers convened numerous meetings with Ohio's House and Senate delegations, House Leadership, and involved committee chairs, members, and staff.

In the end, the solidarity of Ohio's delegation was strong and bipartisan. In all, 12 of Ohio's 16 members of the U.S. House of Representatives on both sides of the political aisle voted for the CHIPS Act, as well as both Senators Rob Portman and Sherrod Brown.

Passing the CHIPS Act frees up Ohio's leaders to now turn towards other pressing but related matters, including how best to provide for a vibrant workforce to serve not just Intel but its 140

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suppliers across the state. Intel has already unveiled its Ohio Semiconductor Education and Research Program, a \$100 million endeavor to develop semiconductor education and workforce programs with more than 80 colleges and universities.

With private industry doing its part to invest in technology workforce, the time is now for state policymakers to complement that effort. As of 2020, only 50% of all public high schools in Ohio taught a foundation course in Computer Science. Our state also ranks 33rd out of 50 states in the percentage of college degrees produced that are Computer Science. Simply put, we are not adequately equipping Ohio's students with the skills sets necessary for the challenges of the modern world. We must increase K-12 access to non-traditional subjects, such as information technologies and software coding, to prepare our next generation for the jobs that have yet to be invented.

Already, there are ambitious organized efforts underway by business and education leaders to promote more Computer Science offerings and the Ohio Chamber stands ready to advocate for these initiatives in the coming year. The Chamber also supports efforts to reform immigration, such as raising the cap on H-1B visas to allow foreign professionals to fill available technology job needs. As Ohio and the rest of the United States develop its own farm team of technology workers, importing overseas talent in the short-term extends the American Dream to immigrants while solving our critical technology workforce needs.

The Ohio Chamber of Commerce remains ever vigilant and ready to tackle the next frontier of challenges for Ohio's business community. If the CHIPS Act has demonstrated anything, it's that when people of goodwill shed their partisan interests and collaborate for a common goal, we can achieve historic wins for our state.