

Semiconductor Manufacturing Support Side-by-Side Division A of the America COMPETES Act versus Division A of the U.S. Innovation and Competition Act

February 14, 2022

OVERVIEW

The political engine driving support for both of these large packages is broad and deep support for investing in semiconductor chip manufacturing in the United States. The language included in the House's America Creating Opportunities for Manufacturing, Pre-Eminence in Technology and Economic Strength (America COMPETES) Act regarding funding for the CHIPS Act closely mirrors its counterpart in the Senate's U.S. Innovation and Competition Act (USICA). Both bills fund three programs to support investment in domestic semiconductor manufacturing and research and development. However, there are key differences:

- **Expanded eligibility:** One of the most notable differences is the expanded eligibility in the House bill for the semiconductor incentive program to include materials used to manufacture semiconductors and semiconductor manufacturing equipment, which is not an eligible use of funding under the program in the Senate bill.
- **Direct loans and loan guarantees:** Additionally, the House bill allows the Department of Commerce to use up to \$6 billion of the amount made available in funding throughout Fiscal Year (FY) 2022 for the CHIPS for America Fund to be used for costs associated with direct loans and loan guarantees. Direct loans and loan guarantees are not referenced in the Senate bill.
- **Inspector General oversight:** Interestingly, the House of Representatives chose not to include a section directing the U.S. Comptroller General to submit to federal lawmakers a report on the global semiconductor shortage and its impact to the United States-as was required via Section 2504 of the U.S. Innovation and Competition Act.

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	House: America COMPETES Act	Senate: USICA
CHIPS for America Fund	✓	✓
CHIPS for America Defense Fund	✓	✓
CHIPS for America International Technology Security and Innovation Fund	✓	✓
Wireless Supply Chain Innovation	✓	✓
PAYGO	✓	✗

	HOUSE: America COMPETES Act	SENATE: USICA
CHIPS for America Fund	<p>Appropriates \$50.2 billion for the CHIPS for America Fund from FY22 through FY26 for the Commerce Department to carry out the semiconductor incentive program established by Section 9902 and the advanced microelectronics research and development program established by Section 9906 of the <i>William M. Thornberry National Defense Authorization Act for Fiscal Year 2021 (P. L. 116 – 283)</i>. The funding is to be used to provide federal financial assistance to “incentivize investment in facilities in the United States for fabrication, assembly, testing, and advanced packaging of semiconductors and to support semiconductor research and development” (Sec. 10001(a)).</p>	<p>Also appropriates \$50.2 billion from FY22 through FY26 for the semiconductor incentive program and the advanced microelectronics research and development program.</p>
	<p>Covered entities that are eligible to receive funding under the CHIPS for America Fund are not only those entities “with a demonstrated ability to substantially finance, construct, expand, or modernize a facility relating to the fabrication, assembly, testing, advanced packaging, or research and development of semiconductors,” but also those entities that can perform those functions for the “materials used</p>	<p>Does not expand the entities eligible to receive funding from the CHIPS for America Fund to include manufacturers of materials used to make semiconductors or semiconductor manufacturing equipment.</p>

	HOUSE: America COMPETES Act	SENATE: USICA
	to make semiconductors” and make “semiconductor manufacturing equipment” (Sec. 10002(a)).	
	The Commerce Department may use up to \$6 billion of the \$50.2 billion appropriated the CHIPS for America Fund for the cost of direct loans and loan guarantees (Sec. 10001(a) and Sec. 10002(d)).	There is no specific authorization for the use of funds to support direct loans and loan guarantees.
	Davis-Bacon prevailing wage requirements will apply to any construction funded under the semiconductor incentive program established by Section 9902 and the advanced microelectronics research and development program established by Section 9906 of the <i>William M. Thornberry National Defense Authorization Act for Fiscal Year 2021</i> (Sec. 10001(b)).	Same as the House bill.
CHIPS for America Defense Fund	Appropriates \$2 billion for the CHIPS for America Defense Fund so that the Defense Department may carry out the research, development, test and evaluation, workforce development and other requirements unique to the intelligence community as outlined in Section 9903 in the <i>William M. Thornberry National Defense Authorization Act for Fiscal Year 2021</i> . The funding is to be made available in equal increments of \$400 million each year for FY22 through FY26 (Sec. 10001(b)).	Same as the House bill.
CHIPS for America International	Appropriates \$500 million for the CHIPS for America International Technology Security and Innovation Fund at the Department of State to provide for international information and communications technology	Same as the House bill.

	HOUSE: America COMPETES Act	SENATE: USICA
Technology Security and Innovation Fund	security and semiconductor supply chains as outlined in Sections 9905 and 9202 in the <i>William M. Thornberry National Defense Authorization Act for Fiscal Year 2021</i> . The funding is to be made available in equal increments of \$100 million each year for FY22 through FY26 (Sec. 10001(c)).	
Wireless Supply Chain Innovation	The text related to Appropriations for Wireless Supply Chain Innovation included in Division C of the COMPETES Act.	Includes \$1.5 billion in direct appropriations for the Public Wireless Supply Chain Innovation Fund established under Section 9202 of the <i>William M. Thornberry National Defense Authorization Act for Fiscal Year 2021</i> .
PAYGO	The appropriations made under Section 10001, including for the three CHIPS funds, are exempt from the statutory PAYGO scorecard.	The Senate bill does not exempt appropriations from PAYGO.

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