



WHAT SEMICONDUCTOR ORGANIZATIONS NEED TO KNOW ABOUT THE CHIPS FOR AMERICA ACT

And how you can prepare to capture the opportunities it presents.

The CHIPS for America Act is poised to provide significant opportunities for semiconductor organizations. Competition for funds will be fierce, but there are steps semiconductor organizations can take now to prepare.

WHERE FUNDING WILL BE ALLOCATED

The [Creating Helpful Incentives to Produce Semiconductors \(CHIPS\) for America Act](#) intends to address the chip shortage by offering about \$52 billion in subsidies and incentives to expand domestic semiconductor production. The bulk of the funding is \$39 billion in grants and loans to encourage the construction or expansion of semiconductor fabrication, packaging or R&D facilities.

Another \$11 billion is allocated in grants for semiconductor-related R&D programs, including a National Semiconductor Technology Center, National Advanced Packaging Manufacturing Program, Manufacturing USA Semiconductor Institute within the National Institute for Standards & Technology (NIST), and Microelectronics R&D within NIST.

The remainder of the funding allocated thus far also includes:

- ▶ \$2 billion in grants for the Department of Defense to develop a Microelectronics Commons
- ▶ \$1.5 billion in grants for a Public Wireless Supply Chain Innovation Fund at the National Telecommunications and Information Administration (NTIA)
- ▶ \$200 million in grants for a semiconductor workforce and education initiative

Private firms and public institutions involved in the construction, expansion and modernization of fabrication plants will be eligible for a federal grant not to exceed \$3 billion per project, without a waiver.

Critical Information to Determine CHIPS Act Eligibility:

- ▶ Capital expenditures
- ▶ Jobs created
- ▶ Semiconductor activities within the chips ecosystem
- ▶ Locations being considered

HOW SEMICONDUCTOR ORGANIZATIONS CAN PREPARE

Semiconductor organizations should study the contents of the programs and be prepared to act as soon as the application process opens, which [according to the Department of Commerce](#) will begin in late February 2023. Once the application is released, all companies will be required to submit a **Statement of Interest** before applying. In addition, the process will likely require a combination of company financial, corporate and legal entity information as well as a detailed proposal for the project for which they're applying for funding.

Companies must also **obtain agreements for state and local incentives** that need to be included in their federal applications. Companies should pull together key corporate and project information and communicate with state and local officials promptly, as these funds will be competitive.

HOW BDO CAN HELP

A competitive application process means that the most detailed plans will have the best chance to receive funding. BDO's Site Selection & Incentive Practice has the knowledge and diversified industry experience to help build a strong CHIPS for America Act application. Our team will evaluate critical location criteria for new facilities, identify and secure access to talent, negotiate substantial incentives and ensure that all negotiated benefits are fully collected.

We have decades of experience securing some of the largest incentives packages ever awarded in North America. With our longstanding and trusted reputation among senior government officials across the country, we work at the federal, state and local levels to obtain the most favorable incentives for your project. We also have the technical knowledge to help you understand the full tax implications and long-term operational considerations for any move.

BDO has negotiated **nearly \$3 billion** in government incentives in North America for our clients in the past **15 years**.

OUR APPROACH

Analysis

- ▶ Define project parameters and location criteria.
- ▶ Develop list of qualified communities.
- ▶ Submit NDAs to public officials.
- ▶ Gather and analyze data on key criteria in each community.
- ▶ Identify and quantify potential incentives in each community.
- ▶ Evaluate list and identify communities for further due diligence.

Negotiations & short list

- ▶ Draft a Request for Offers of Incentives.
- ▶ Arrange visits to short-listed locations.
- ▶ Negotiate incentives.
- ▶ Manage political process among competing jurisdictions.
- ▶ Obtain formal offers of incentives in the short-listed locations.

Final site selection & incentives

- ▶ Select finalist site.
- ▶ Complete and file incentives applications.
- ▶ Attend public meetings and hearings to secure formal approvals.
- ▶ Complete all agreements related to incentives.

Compliance

- ▶ Conduct ongoing review of progress.
- ▶ Collect incentive savings.
- ▶ Identify enhancement strategies.
- ▶ Prepare and submit annual compliance forms.

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