Oregon: The Silicon Forest

Semiconductor manufacturing importance to the state’s economy cannot be overstated.
Oregon CHIPS Act (SB4)

• $190M in funding to help leverage the federal CHIPS funding
• Jointly administered by the Governor’s Office and Business Oregon
• Provides direct funding for eligible semiconductor related projects
• Emphasis is placed on applications that promote the creation, expansion and preservation of semiconductor manufacturing in Oregon
• These awards serve as covered incentives to assist businesses in their federal applications to the U.S. Department of Commerce
• An additional $50M has been set aside in a Special Purpose Appropriation (SPA) and is expected to be formally allocated during the short session in February
Applications - At a glance...

16 total applications

Geographic and supply chain diversity

All have existing connection to Oregon

Counties: Benton, Deschutes, Jackson, Lane, Linn, Multnomah, Washington
Prioritization of Projects:

• Promote the expansion and long-term economic viability of the semiconductor industry in Oregon;
• Attract manufacturing jobs to Oregon;
• Reflect established relationship, or commitment to build a relationship, with organizations focused on developing a diverse workforce pipeline;
• Formed partnerships for the purpose of workforce development or the creation of training, registered apprenticeship or internship opportunities;
• Incorporate significant participation by businesses owned by members of underrepresented communities and economically disadvantaged individuals;
Prioritization of Projects:

The Semiconductor Advisory Panel recommended emphasis be placed on the following:

• Creating an investment portfolio approach where a variety of business size, types, and geographic locations are considered.
• Catalytic projects with potential to develop next-generation technologies.
• Major employers and customers for Oregon
• Diversification and expansion of workforce pipelines.
Return on Investment

For every $1M in program grant or loan proceeds received, a recipient must:
• If 5 years or less, generate $1.25M in state and local revenue
• If more than 5 years, generate $1.5M in state and local revenue
OR
Recipient business must commit to the creation of new jobs in Oregon:
• At least 65 percent of which are permanent, full-time positions; and
• That pay on average at least the average median income for the region of this state in which the services will be performed.
Projected Impacts
*As presented in applications

- Total Projected Investment: $43.8B
- Total Projected New Jobs (Direct): 6300
- Total CHIPS Fund Ask: $504M
Anticipated Challenges

Construction Workforce
• The need for construction workers is significant. We are working with the Oregon companies and the trades to meet the demand. Ability to complete the project is a factor in application review.

Semiconductor Workforce
• Job creation as part of these projects will require an intentional effort to increase the workforce pipeline

Childcare Needs
• Existing struggles are expected to continue and be further strained for both semiconductor and construction workforce needs. We are working collaboratively with the companies to find solutions.
Moving Forward

• Notices of intent to award have been issued
• Contract negotiations through October/November
• Pending contract execution, funding is expected to begin reaching companies this Fall/Winter
• Industrial Lands Fund and R&D Tax Credit are on track for implementation
Oregon CHIPS Fund Awards

*Subject to contract negotiation and execution*
Notice of Intent to Award

Letter of Intent to Award

• SB 4 requires the state to notify each project within 90 days of the application.

• Letter of intent includes allocation of funds from $190 million fund and $50 million fund if legislature formally allocates the $50 million SPA in 2024. If no action in 2024 then each project will only get its 2023 allocation.

• Several projects will have specific requirements in term sheets and contracts beyond the SB 4 requirements.

• No money from the Oregon CHIPS fund will be disbursed without an executed contract.

• In the event projects fall out or are reduced in scope, the related funds will be reallocated to focus on future initiatives focused on workforce development and childcare access.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Location of Facility</th>
<th>2023 Award - SB 4 ($190 Million)</th>
<th>2024 Award - SB 5506 (Pending $50 Million)</th>
<th>Total Award</th>
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