

LC 4320 Outline

Relating to economic development

Creating a State Fund and Land Availability to Provide Incentives to Applicants for CHIPS Act

Covered Entity

Corresponds to definition in federal code:

"covered entity" means a nonprofit entity, a private entity, a consortium of private entities, or a consortium of nonprofit, public, and private entities with a demonstrated ability to substantially finance, construct, expand, or modernize a facility relating to fabrication, assembly, testing, advanced packaging, production, or research and development of semiconductors, materials used to manufacture semiconductors, or semiconductor manufacturing equipment.

Covered Incentive

Corresponds to definition in federal code

The term "covered incentive" means an incentive offered by a governmental entity to a covered entity for the purposes of constructing within the jurisdiction of the governmental entity, or expanding or modernizing an existing facility within that jurisdiction, a facility described in paragraph 2; and a workforce-related incentive (including a grant agreement relating to workforce training or vocational education), any concession with respect to real property, funding for research and development with respect to semiconductors, and any other incentive determined appropriate by the Secretary, in consultation with the Secretary of State.

Program and Fund

Oregon Business Development Department (OBDD) shall develop a program to award forgivable loans from a new fund called the "Semiconductor and Advanced Manufacturing Opportunity Fund." The Department will review initial applications and make recommendations to the Governor for final decisions on application approval and award amounts.

Forgivable Loan Uses

Recipients of forgivable loans of SAMOF may only use the funds for:

- Development of a site for semiconductor/advanced manufacturing
- Research and Development on Semiconductors and Advanced Manufacturing
- Partnering with Institutions of Higher Education, including Historically Black Colleges and Universities, for workforce development and creating training, apprenticeship and internship opportunities

Loan Specifications

- Setting an upper limit on the amount of an award to a single SAMOF recipient
- Loan terms and conditions (years, interest rate)
- Increments of the payment of the award
- Commitment to create a specified number of jobs
- Technical Assistance grants from OBDD to support applicants for CHIPS Act

Application Process

To apply for assistance from the Semiconductor and Advanced Manufacturing Opportunity Fund, the applicant must demonstrate eligibility for the CHIPS Act and include a draft application for federal financial assistance.

Applications must also demonstrate:

- A detailed plan for the expenditure of the state financial assistance
- How the proposal for additional resources would comply with requirements of the CHIPS Act to make significant community investments
- Ability to create jobs and disclose the number, pay scale and location of the intended new jobs
- The need for technical assistance grants if applicable

Application Review and Approval

Applications submitted to OBDD will receive a timely review and decision regarding the next step in the process. The Department will have a limited number of days to review an application and make the following preliminary decisions:

- Approve the application for a forgivable loan in the amount requested
- Approve the application for a forgivable loan in a different amount than requested
- Reject the application for a forgivable loan

Applications approved by OBDD will then go to the Governor's Office for review. The Governor will make a final decision that affirms OBDD's preliminary decision, reverses the department's decision, or affirms the decision but with a different amount awarded to the applicant. The Governor will have a limited number of days to make this decision but final decisions may be subject to an applicant concurrently receiving an offer of an award from the U.S. Department of Commerce's financial assistance program.

Preference Among Applications

The Governor shall give preference to applications that:

- Promote the long-term economic viability of the semiconductor industry in Oregon
- Promote and extend Oregon’s leadership in the field of technology
- Attract and create jobs in Oregon in advanced manufacturing
- Involve businesses already located in Oregon
- Incorporate significant participation by businesses owned by members of underrepresented communities and economically disadvantaged populations
- Regional diversity

Application Agreement

When the Governor has made a final decision on an application, OBDD will notify the applicant of the decision and offer to them the grant or loan agreement. Once the agreement has been signed, the OBDD may distribute the financial assistance pursuant to the terms in the agreement.

Reporting

Businesses participating in the SAMOF program must report the following to OBDD every six months:

- Status report of their federal application
- Progress on their project to construct, expand, or modernize a facility
- Jobs created/state and local revenue generated
- Research and development efforts
- Workforce development efforts
- Economic impacts of the project
- Environmental impacts of the project
- Any other information required in the agreement with the State of Oregon

The OBDD will report annually to the Legislative Assembly committees related to economic development a summary of the reports received by the Department.

Claw Back

In the event that a business who has signed a SAMOF agreement fails to meet the terms of the agreement, the business shall become liable for the repayment of the grant or loan.

The state will claw back awarded funding if the underlying project:

- Does not meet specified deadlines for commencing work on the project
- Changes substantially from the application that was approved
- Does not meet the standard for creating the committed permanent full-time jobs
- Violates environmental standard
- Violates labor standards
- Is suspended

Additionally, the OBDD will claw back funding from any approved project that made a false statement or willfully failed to report information regarding their application.

Funding Allocation

\$200,000,000 appropriated from the Rainy Day Fund to the Semiconductor and Advanced Manufacturing Opportunity Fund in the Oregon Business Development Department

\$10,000,000 to the University Innovation Research Fund

Land Use – Industrial Land Availability

Access to industrial lands is a critical component of strengthening and expanding Oregon's semiconductor and advanced manufacturing industry. To provide flexibility for the state to attract new businesses to Oregon, the Governor will be provided the time-limited executive authority to identify land adjacent to current urban growth boundaries (UGBs) and to work with local jurisdictions to rezone the land for semiconductor and advanced manufacturing use. In order to exercise this executive authority, the executive branch must run a public process. Any land added under this limited authority will revert back to its original status if the project does not commence by a date certain.