

## HB 4154 A -A2 STAFF MEASURE SUMMARY

### Joint Committee On Ways and Means

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**Prepared By:** Kim To, Budget Analyst

**Meeting Dates:** 3/1, 3/4

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#### **WHAT THE MEASURE DOES:**

The measure directs the Higher Education Coordinating Commission (HECC) to establish a statewide semiconductor industry consortium and provides a blank one-time General Fund appropriation to HECC to do this work. It establishes the Semiconductor Talent Sustaining Fund, with three subaccounts and appropriates a total of \$15 million General Fund to HECC for deposit of \$5 million into each of the subaccount. The measure also appropriates \$14.9 million General Fund to distribution to three universities and two community colleges to fund semiconductor related research, training, education, and workforce development. In addition, the measure expands the use of the Oregon CHIPS Fund, authorized by [SB 4 \(2023\)](#), to include transferring monies to the Semiconductor Talent Sustaining Fund.

#### Detailed Summary:

##### **Section 1**

Requires HECC to establish a statewide semiconductor industry consortium. Requires the consortium to develop a comprehensive statewide strategy and make recommendations for how to allocate moneys from the Semiconductor Talent Sustaining Fund and its subaccounts. Requires HECC to allocate moneys from the Semiconductor Talent Sustaining Fund to provide education and training in fields related to semiconductors. Requires the consortium to submit a report to the Legislative Assembly on progress and investments in the semiconductor industry at the start of each biennium.

##### **Section 2**

Establishes the Semiconductor Talent Sustaining Fund.

##### **Section 3**

Establishes the STEM Education and Work-Based Learning Subaccount. Specifies that funds in this subaccount will be appropriated to HECC for the purpose of expanding science, technology, engineering, and mathematics (STEM) education and work-based learning.

##### **Section 4**

Establishes the Workforce Training Subaccount. Specifies that funds in this subaccount will be appropriated to HECC for the purpose of building capacity and strengthening workforce training at the pre-baccalaureate level.

##### **Section 5**

Establishes the Advanced Degree Workforce Training Subaccount. Specifies that funds in this subaccount will be appropriated to HECC for the purpose of building capacity and strengthening workforce training at the baccalaureate, graduate, and research levels.

**Section 6**

Repeals Sections 1 through 5 on January 2, 2030.

**Section 7**

Appropriates \$14.9 million General Fund to HECC, to be distributed in the following grant amounts:

- \$3 million to the University of Oregon;
- \$2.9 million to Portland State University;
- \$3 million to Oregon State University;
- \$1 million to Oregon Institute of Technology;
- \$2.5 million to Portland Community College;
- \$2.5 million to Mt. Hood Community College.

Specifies purpose of grant for each institution.

**Section 8 and 9**

Abolishes the Semiconductor Talent Sustaining Fund and its subaccounts on January 2, 2030, and reverts any remaining moneys to the General Fund.

**Section 10**

Provides a blank appropriation to HECC for the purpose of establishing the statewide semiconductor industry consortium in Section 1.

**Section 11**

Appropriates a total of \$15 million General Fund for deposit of \$5 million to each subaccount of the Semiconductor Talent Sustaining Fund for the 2023-2025 biennium.

**Section 12**

Adds assistance from the National Semiconductor Technology Center (NSTC) to the types of federal assistance for which the Oregon CHIPS Fund can be used to apply. Exempts programs that receive assistance from the NSTC from sections of [Senate Bill 4 \(2023\)](#) that require the recipients of state semiconductor grants to generate minimum amounts of state and local revenue or to create permanent, full-time jobs in Oregon with above-average pay.

**Section 13**

Permits the Oregon Business Development Department (Business Oregon) to transfer moneys in the Oregon CHIPS Fund to the Semiconductor Talent Sustaining Fund.

**Section 14**

Takes effect on the 91st day after adjournment.

**ISSUES DISCUSSED:**

- The - A2 amendment.
- Fiscal Impact.

**EFFECT OF AMENDMENT:**

-A2

## HB 4154 A -A2 STAFF MEASURE SUMMARY

- Removes the requirement to establish a statewide semiconductor industry consortium.
- Removes the establishment of the three subaccounts.
- Removes all appropriation language.
- Directs HECC to allocate moneys from the Fund to provide education, training, and research to assist the semiconductor industry.

### BACKGROUND:

In July 2022, Congress passed the \$52 billion Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act to strengthen domestic semiconductor manufacturing, design, and research; fortify the economy and national security; and reinforce America’s chip supply chains. [15 U.S.C. 4656\(c\)](#) establishes the National Semiconductor Technology Center (NSTC), a public-private consortium that is one of four research and development programs created by the federal CHIPS and Science Act. The U.S. Department of Commerce announced the signing of a formal agreement to establish the NSTC consortium on [February 9, 2024](#).

[Senate Bill 4 \(2023\)](#) established the Oregon CHIPS Fund to provide grants and loans to qualifying businesses for the purpose of securing CHIPS and Science Act funds and of growing the semiconductor and advanced manufacturing industry in Oregon. The measure appropriated \$190 million to support loans and grants from the Fund; \$10 million for the University Innovation Research Fund; and \$10 million for the Industrial Lands Loan Fund. Senate Bill 4 (2023) Section 1(4) requires the recipient of a grant or loan from the Oregon CHIPS Fund to either 1) generate a total of at least \$1.25 million in state and local revenues for every \$1 million in funds received or 2) commit to the creation of new jobs in Oregon that are primarily permanent, full-time positions and pay at least the average median income for the region of the state where they are located.