A-Engrossed

House Bill 4154

Ordered by the House February 19
Including House Amendments dated February 19

Sponsored by Representatives PHAM H, SOSA, WALLAN, BYNUM, DIEHL, LIVELY, NERON, WALTERS, Senators CAMPOS, KNOPP, SOLLMAN; Representatives BOWMAN, DEXTER, ELMER, GOMBERG, GRAYBER, HELM, HUDSON, JAVADI, LEVY E, MANNIX, MCINTIRE, NGUYEN D, NGUYEN H, OSBORNE, RESCHKE, REYNOLDS, RUIZ, WRIGHT, Senators DEMBROW, FREDERICK, HANSELL, JAMA, MEEK, WOODS (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Creates a fund to help the electronic chip industry. The Act becomes law 91 days after adjournment. (Flesch Readability Score: 63.8).

Establishes the Semiconductor Talent Sustaining Fund and subaccounts of the fund. Requires the Higher Education Coordinating Commission to allocate moneys from the fund and subaccounts to provide education, training and research to assist the semiconductor industry.

Requires the commission to establish a statewide semiconductor industry consortium for the purpose of developing a comprehensive statewide strategy to guide investments and build educational pathways and research capacity for the semiconductor industry and to make recommendations to the commission on how best to allocate moneys in the Semiconductor Talent Sustaining Fund and subaccounts.

Requires the consortium to submit a report to the Legislative Assembly every two years detailing progress and investments made to improve semiconductor education and research.

Requires the commission to award a series of grants to identified entities.

Exempts some programs receiving federal financial assistance from certain provisions.

Sunsets the Semiconductor Talent Sustaining Fund and subaccounts on January 2, 2030.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to semiconductors; creating new provisions; amending sections 1 and 6, chapter 25, Oregon Laws 2023; and prescribing an effective date.

Whereas the federal Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act of 2022, commonly called the CHIPS and Science Act, plans to boost domestic research and manufacturing of semiconductors in the United States; and

Whereas the Oregon Semiconductor Competitiveness Task Force produced recommendations to take advantage of a once-in-a-generation opportunity for equitable prosperity by intentionally creating jobs and investments for a stronger state economy; and

Whereas the Oregon Legislative Assembly's passage of Senate Bill 4 in 2023 directed funding through a competitive process to be utilized by companies applying for CHIPS grants for investments in the Oregon manufacturing facilities and workforces; and

Whereas the Governor has announced SB 4 applications create a potential demand for over 6,000 new semiconductor-related jobs, and there is an urgent need to create semiconductor talent pathways across Oregon's education system, from K-12 STEM through community colleges and universities; and

Whereas Oregon State University, along with the University of Oregon and the Oregon Health

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

and Science University, has a federal planning grant directly related to semiconductors, including a Tech Hub designation focused on microfluidics technologies, that proposes to develop an ecosystem that stimulates, drives and supports commercialization of microfluidics-connected technologies in the focus areas of semiconductor thermal management and high-performance computing, biotechnology, advanced energy technologies, and advanced materials and manufacturing; and

Whereas Oregon State University has an additional federal planning grant to develop a Regional Innovation Engine, in partnership with other universities, community colleges and industry partners throughout Oregon, Washington and Idaho, to advance semiconductor technologies, accelerate workforce development programs and reach populations and areas traditionally underserved in the industry; and

Whereas combined, these two programs could bring over $200 million in federal funding into the region and include significant workforce development; and

Whereas fulfilling the Oregon Semiconductor Competitiveness Task Force's recommendations to expand capacity to serve the semiconductor talent pipeline will enable companies to make good on their pledges to invest up to $40 billion in Oregon communities and hire 6,000 new employees; and

Whereas expanded capacity to serve and expand the semiconductor talent pipeline will be instrumental to securing additional federally supported industry investments based on CHIPS and Science Act requirements and industry requirements for talent availability; now, therefore,

Be It Enacted by the People of the State of Oregon:

SECTION 1. **(1) The Higher Education Coordinating Commission shall establish a statewide semiconductor industry consortium that is composed of representatives from the semiconductor industry, educational institutions, workforce organizations and community-based organizations.**

(2) The consortium established under subsection (1) of this section shall:

(a) Develop a comprehensive statewide strategy to guide investments and build educational pathways and research capacity for the semiconductor industry in a manner that:

(A) Addresses the semiconductor industry's most demonstrated and pressing needs;

(B) Advances a more diverse workforce, with a focus on increasing career opportunities for historically underrepresented youth and adults;

(C) Utilizes the information compiled in and recommendations made by the commission's semiconductor talent and workforce investment assessment;

(D) Produces the greatest educational benefit with the least short-term and long-term cost to the public;

(E) Avoids duplicating existing public or private resources;

(F) Leverages existing and future private and federal resources for the public benefit;

(G) Makes investments with measurable outcomes to ensure strong linkage between the most urgent semiconductor education needs and the implemented solutions;

(H) Maximizes the leverage of state investment funds to build faculty and program capacity and share existing and new faculty and program resources; and

(I) Creates new economic growth and pathways to opportunity across the state; and

(b) Make recommendations to the commission on how best to allocate moneys deposited into the Semiconductor Talent Sustaining Fund established in section 2 of this 2024 Act and the subaccounts of the fund. These recommendations must include:

(A) Criteria and measurements for the commission to use when allocating moneys; and

(B) Recommendations for future funding requests that the commission should make to

the Legislative Assembly.

(3)(a) The commission shall allocate moneys from the Semiconductor Talent Sustaining Fund established in section 2 of this 2024 Act, and the subaccounts of the fund, to provide education, training and research to assist the semiconductor industry in:

(A) Propelling industry innovation and productivity; and

(B) Providing careers to residents of this state who receive technical certificates, credentials, technical degrees, associate degrees, bachelor's degrees and graduate-level degrees in fields related to semiconductors.

(b) When making allocations under this subsection, the commission must consider the recommendations made by the consortium under subsection (2)(b) of this section. If the commission elects not to follow one or more recommendations made by the consortium, the commission shall submit a written explanation for its decision to the consortium.

(4) No later than January 2, 2025, and at least once every two years thereafter, the consortium shall submit a report in the manner provided by ORS 192.245 to the interim committees of the Legislative Assembly related to business and labor, detailing the progress and investments made to improve semiconductor education and research under this section.

<u>SECTION 2.</u> (1) The Semiconductor Talent Sustaining Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Semiconductor Talent Sustaining Fund shall be credited to the fund.

(2) Moneys in the Semiconductor Talent Sustaining Fund shall consist of:

(a) Amounts donated to the fund from individuals, private organizations and state or federal governmental entities;

(b) Amounts appropriated or otherwise transferred to the fund by the Legislative Assembly; and

(c) Interest earned by the fund.

(3) Moneys in the fund are continuously appropriated to the Higher Education Coordinating Commission for the purposes of supporting the semiconductor industry in the manner described in section 1 (3) of this 2024 Act.

<u>SECTION 3.</u> (1) There is established within the Semiconductor Talent Sustaining Fund the STEM Education and Work-Based Learning Subaccount. Interest earned by the STEM Education and Work-Based Learning Subaccount shall be credited to the subaccount.

(2) Moneys in the STEM Education and Work-Based Learning Subaccount shall consist of:

(a) Amounts donated to the subaccount from individuals, private organizations and state or federal governmental entities;

(b) Amounts appropriated or otherwise transferred to the subaccount by the Legislative Assembly; and

(c) Interest earned by the subaccount.

(3) Moneys in the subaccount are continuously appropriated to the Higher Education Coordinating Commission for the purposes of supporting the semiconductor industry in the manner described in section 1 (3) of this 2024 Act, with a particular focus on expanding STEM education and work-based learning, and increasing awareness of STEM career pathways.

<u>SECTION 4.</u> (1) There is established within the Semiconductor Talent Sustaining Fund the Workforce Training Subaccount. Interest earned by the Workforce Training Subaccount shall be credited to the subaccount.

(2) Moneys in the Workforce Training Subaccount shall consist of:

(a) Amounts donated to the subaccount from individuals, private organizations and state or federal governmental entities;

(b) Amounts appropriated or otherwise transferred to the subaccount by the Legislative Assembly; and

(c) Interest earned by the subaccount.

(3) Moneys in the subaccount are continuously appropriated to the Higher Education Coordinating Commission for the purposes of supporting the semiconductor industry in the manner described in section 1 (3) of this 2024 Act, with a particular focus on building capacity and strengthening workforce training for the semiconductor industry at the prebaccalaureate level.

SECTION 5. (1) There is established within the Semiconductor Talent Sustaining Fund the Advanced Degree Workforce Training Subaccount. Interest earned by the Advanced Degree Workforce Training Subaccount shall be credited to the subaccount.

(2) Moneys in the Advanced Degree Workforce Training Subaccount shall consist of:

(a) Amounts donated to the subaccount from individuals, private organizations and state or federal governmental entities;

(b) Amounts appropriated or otherwise transferred to the subaccount by the Legislative Assembly; and

(c) Interest earned by the subaccount.

(3) Moneys in the subaccount are continuously appropriated to the Higher Education Coordinating Commission for the purposes of supporting the semiconductor industry in the manner described in section 1 (3) of this 2024 Act, with a particular focus on building capacity and strengthening workforce training for the semiconductor industry at the baccalaureate, graduate and research levels.

SECTION 6. Sections 1 to 5 of this 2024 Act are repealed on January 2, 2030.

SECTION 7. In addition to and not in lieu of any other appropriation, there is appropriated to the Higher Education Coordinating Commission, for the biennium ending June 30, 2025, out of the General Fund, the amount of $14,900,000 for the following purposes:

(1) A $3,000,000 grant to the University of Oregon to expand and modernize training facilities for workforce development related to the semiconductor industry;

(2) A $2,900,000 grant to Portland State University to establish a center for semiconductor research, education and workforce development;

(3) A $3,000,000 grant to Oregon State University to invest in semiconductor infrastructure including faculty, graduate students, equipment and curriculum development;

(4) A $1,000,000 grant for Oregon Institute of Technology for semiconductor manufacturing training facilities in Klamath Falls;

(5) A $2,500,000 grant to Portland Community College to:

(a) Increase career readiness connections for students in high school and adult learners;

(b) Expand stackable micro-credential, certificate and apprenticeship programs;

(c) Provide tuition assistance and support to students pursuing semiconductor workforce training; and

(d) Support faculty and staff; and

(6) A $2,500,000 grant to Mt. Hood Community College to build the semiconductor career pipeline, with a focus on historically underserved populations, through career awareness,

expansion of stackable credentials, increasing skills of incumbent workers, tuition assistance and support to students, supporting faculty and staff.

SECTION 8. The Semiconductor Talent Sustaining Fund established under section 2 of this 2024 Act, and all subaccounts of the fund, are abolished. Any moneys remaining in the fund or subaccounts on the operative date specified in section 9 of this 2024 Act shall be transferred to the General Fund for general government purposes.

SECTION 9. Section 8 of this 2024 Act becomes operative on January 2, 2030.

SECTION 10. In addition to and not in lieu of any other appropriation, there is appropriated to the Higher Education Coordinating Commission, for the biennium ending June 30, 2025, out of the General Fund, the amount of $________, for the purpose of establishing the consortium described in section 1 of this 2024 Act.

SECTION 11. In addition to and not in lieu of any other appropriation, there is appropriated to the Higher Education Coordinating Commission, for deposit into the following subaccounts of the Semiconductor Talent Sustaining Fund, for the biennium ending June 30, 2025, out of the General Fund, the following amounts:

(1) $5,000,000 shall be deposited into the STEM Education and Work-Based Learning Subaccount established in section 3 of this 2024 Act for the purposes described in section 3 of this 2024 Act;

(2) $5,000,000 shall be deposited into the Workforce Training Subaccount established in section 4 of this 2024 Act for the purposes described in section 4 of this 2024 Act; and

(3) $5,000,000 shall be deposited into the Advanced Degree Workforce Training Subaccount established in section 5 of this 2024 Act for the purposes described in section 5 of this 2024 Act.

SECTION 12. Section 1, chapter 25, Oregon Laws 2023, is amended to read:

Sec. 1. (1) As used in sections 1 to 6**, chapter 25, Oregon Laws 2023** [*of this 2023 Act*]:

(a) "Covered entity" has the meaning given that term by 15 U.S.C. 4651(2).

(b) "Covered incentive" has the meaning given that term by 15 U.S.C. 4651(3).

(c) "Federal semiconductor financial assistance" means assistance available under the program established pursuant to 15 U.S.C. 4652(a)(1) **or 15 U.S.C. 4656(c)** for financial assistance to the semiconductor industry.

(d) "Program grants and loans" means grants awarded and loans made under the program developed by the Oregon Business Development Department pursuant to this section.

(2)(a) The Oregon Business Development Department shall develop a program to award grants and make loans from moneys in the Oregon CHIPS Fund established under section 6**, chapter 25, Oregon Laws 2023,** [*of this 2023 Act*] to businesses applying for federal semiconductor financial assistance.

(b)(A) The program shall be administered by the department and the Governor as set forth in this section.

(B) Notwithstanding the duties and powers conferred respectively on the department and the Governor under sections 1 to 6**, chapter 25, Oregon Laws 2023** [*of this 2023 Act*], the department and the Governor may consult each other with respect to any duty or power so conferred.

(c) It is the intent of the Legislative Assembly that program grants and loans be treated by the United States Secretary of Commerce as covered incentives for purposes of the federal semiconductor financial assistance program.

(3)(a) Program grant and loan proceeds may be used solely for:

(A) If a business's application for federal semiconductor financial assistance is approved, activities undertaken in connection with the federal semiconductor financial assistance program; and

(B) Regardless of whether a business's application for federal semiconductor financial assistance is approved:

(i) The development of a site for a semiconductor or other advanced manufacturing facility, including, but not limited to, the acquisition and aggregation of land;

(ii) Research and development with respect to semiconductors or advanced manufacturing; or

(iii) Partnering with institutions of higher education, including, but not limited to, historically Black colleges and universities, career technical training institutions, regional collaborative groups, local workforce development boards as defined in ORS 660.300, programs funded through the federal Workforce Innovation and Opportunity Act (P.L. 113-128) and apprenticeship programs registered with the State Apprenticeship and Training Council for the purpose of workforce development and the creation of training, registered apprenticeship and internship opportunities, with respect to semiconductors or advanced manufacturing.

(b) Contractors and subcontractors on construction projects funded by program grant or loan proceeds must pay for such projects a rate of wage that meets or exceeds the greater of:

(A) The prevailing rate of wage for workers in each trade or occupation in each locality as determined by the Commissioner of the Bureau of Labor and Industries under ORS 279C.815; or

(B) The prevailing rate of wage as determined by the United States Secretary of Labor under the Davis-Bacon Act (40 U.S.C. 3141 et seq.).

(4)(a) A business that is a covered entity may apply to the department under section 2**, chapter 25, Oregon Laws 2023,** [*of this 2023 Act*] for a program grant or loan.

(b)(A) Except as provided in subparagraph (B) of this paragraph, program grants and loans may not be awarded or made to any applicant in an amount greater than $50 million.

(B) The Governor may approve a program grant or loan under section 3**, chapter 25, Oregon Laws 2023,** [*of this 2023 Act*] in an amount greater than $50 million only after having given the Legislative Assembly at least 30 calendar days' notice of the amount of the program grant or loan the Governor intends to approve.

(c)(A) Program loans:

(i) May be made for a term not to exceed 10 years, as negotiated by the business and, in consultation with the Governor, the department; and

(ii) Except as provided in section 5 (3)**, chapter 25, Oregon Laws 2023** [*of this 2023 Act*], shall be made at a zero rate of interest.

(B) All amounts received by the department in repayment of a program loan shall be transferred to the Oregon CHIPS Fund established under section 6**, chapter 25, Oregon Laws 2023** [*of this 2023 Act*].

(d) Proceeds from a program grant or loan may be distributed in a single payment or in multiple, conditional payments, as specified in the program grant or loan agreement.

(e)(A) Except as provided in paragraph (f) of this subsection, for every $1 million in program grant or loan proceeds received, the recipient business must, over the period of the grant or loan agreement, generate at least:

(i) If the term of the agreement is not more than five years, $1.25 million in state and local revenue; or

(ii) If the term of the agreement is more than five years, $1.5 million in state and local revenue.

(B) The department and the recipient business may specify in the program grant or loan agreement what the term “revenue” includes.

(f) In lieu of the requirement under paragraph (e) of this subsection, a recipient business may instead commit to the creation of new jobs in Oregon:

(A) At least 65 percent of which are permanent, full-time positions; and

(B) That pay on average at least the average median income for the region of this state in which the services will be performed.

(g)(A) In addition to program grants and loans, an application assistance grant, in an amount not to exceed $50,000, may be awarded to a business whose application is approved under section 3**, chapter 25, Oregon Laws 2023** [*of this 2023 Act*], for the costs of preparing and submitting the business’s application for federal semiconductor financial assistance.

(B) Application assistance grants may be made from moneys in the fund or from any other source of funding available for such purpose to the department or the Governor.

(5) Program grants receiving federal semiconductor financial assistance under 15 U.S.C. 4656(c) are exempt from:

(a) Subsection (4)(e) and (f) of this section;

(b) Section 2 (1)(b)(G), chapter 25, Oregon Laws 2023; and

(c) Section 5 (1)(a)(C), chapter 25, Oregon Laws 2023.

SECTION 13. Section 6, chapter 25, Oregon Laws 2023, is amended to read:

Sec. 6. (1) The Oregon CHIPS Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Oregon CHIPS Fund shall be credited to the fund.

(2) Moneys in the fund shall consist of:

(a) Amounts appropriated or otherwise transferred or credited to the fund by the Legislative Assembly;

(b) Earnings received on moneys in the fund; and

(c) Other moneys, or proceeds of property, from any public or private source that are transferred, donated or otherwise credited to the fund.

(3) Moneys in the Oregon CHIPS Fund are continuously appropriated to the Oregon Business Development Department for the following purposes:

(a) Paying the actual costs incurred by the department in developing and administering sections 1 to 6**, chapter 25, Oregon Laws 2023** [*of this 2023 Act*]; [*and*]

(b) Carrying out the provisions of sections 1 to 6**, chapter 25, Oregon Laws 2023** [*of this 2023 Act*]**; and**

(c) Transferring moneys to the Semiconductor Talent Sustaining Fund established under section 2 of this 2024 Act.

(4) Moneys in the Oregon CHIPS Fund on June 30, 2023, shall be retained in the fund, and used for the purposes set forth in subsection (3) of this section, until June 30, 2025.

(5) Any moneys remaining in the Oregon CHIPS Fund on June 30, 2025, shall be transferred to the General Fund.

SECTION 14. This 2024 Act takes effect on the 91st day after the date on which the 2024 regular session of the Eighty-second Legislative Assembly adjourns sine die.