

B-Engrossed House Bill 4154

Ordered by the House March 5
Including House Amendments dated February 19 and March 5

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 (Pre-session 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

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

4 Whereas the federal Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act of
5 2022, commonly called the CHIPS and Science Act, plans to boost domestic research and manufac-
6 turing of semiconductors in the United States; and

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

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

13 Whereas the Governor has announced SB 4 applications create a potential demand for over
14 6,000 new semiconductor-related jobs, and there is an urgent need to create semiconductor talent
15 pathways across Oregon's education system, from K-12 STEM through community colleges and uni-
16 versities; and

17 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.

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

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

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

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

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

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

20 **SECTION 1. (1) The Higher Education Coordinating Commission shall allocate moneys**
21 **from the Semiconductor Talent Sustaining Fund established in section 2 of this 2024 Act to**
22 **provide education, training and research to assist the semiconductor industry in:**

23 **(a) Propelling industry innovation and productivity; and**

24 **(b) Providing careers to residents of this state who receive technical certificates, cre-**
25 **dentials, technical degrees, associate degrees, bachelor's degrees and graduate-level degrees**
26 **in fields related to semiconductors.**

27 **(2) When making allocations under this section, the commission shall consider allo-**
28 **cations that:**

29 **(a) Address the most-demonstrated pressing and long-term needs of the semiconductor**
30 **industry;**

31 **(b) Advance a more diverse workforce, with a focus on increasing career opportunities**
32 **for historically underrepresented youth and adults;**

33 **(c) Utilize the information compiled in and recommendations made by the final report**
34 **of the Semiconductor Workforce and Talent Assessment (January, 2024) that was prepared**
35 **for the commission;**

36 **(d) Facilitate or advance workforce opportunities created by federal or state semicon-**
37 **ductor financial assistance investments;**

38 **(e) Create new economic growth and pathways to economic opportunity across this state;**
39 **and**

40 **(f) Consider the priorities of industry consortia established under section 10, chapter 28,**
41 **Oregon Laws 2022, that represent manufacturing and technology sectors.**

42 **SECTION 2. (1) The Semiconductor Talent Sustaining Fund is established in the State**
43 **Treasury, separate and distinct from the General Fund. Interest earned by the Semiconduc-**
44 **tor Talent Sustaining Fund shall be credited to the fund.**

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

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

3 (b) Amounts appropriated or otherwise transferred to the fund by the Legislative As-
4 sembly; and

5 (c) Interest earned by the fund.

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

9 **SECTION 3.** Sections 1 and 2 of this 2024 Act are repealed on January 2, 2030.

10 **SECTION 4.** The Semiconductor Talent Sustaining Fund established under section 2 of
11 this 2024 Act is abolished. Any moneys remaining in the fund on the operative date specified
12 in section 5 of this 2024 Act shall be transferred to the General Fund for general government
13 purposes.

14 **SECTION 5.** Section 4 of this 2024 Act becomes operative on January 2, 2030.

15 **SECTION 6.** Section 1, chapter 25, Oregon Laws 2023, is amended to read:

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

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

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

19 (c) “Federal semiconductor financial assistance” means assistance available under the program
20 established pursuant to 15 U.S.C. 4652(a)(1) or 15 U.S.C. 4656(c) for financial assistance to the
21 semiconductor industry.

22 (d) “Program grants and loans” means grants awarded and loans made under the program de-
23 veloped by the Oregon Business Development Department pursuant to this section.

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

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

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

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

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

37 (A) If a business’s application for federal semiconductor financial assistance is approved, activ-
38 ities undertaken in connection with the federal semiconductor financial assistance program; and

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

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

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

44 (iii) Partnering with institutions of higher education, including, but not limited to, historically
45 Black colleges and universities, career technical training institutions, regional collaborative groups,

1 local workforce development boards as defined in ORS 660.300, programs funded through the federal
2 Workforce Innovation and Opportunity Act (P.L. 113-128) and apprenticeship programs registered
3 with the State Apprenticeship and Training Council for the purpose of workforce development and
4 the creation of training, registered apprenticeship and internship opportunities, with respect to
5 semiconductors or advanced manufacturing.

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

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

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

12 (4)(a) A business that is a covered entity may apply to the department under section 2, **chapter**
13 **25, Oregon Laws 2023**, [of this 2023 Act] for a program grant or loan.

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

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

20 (c)(A) Program loans:

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

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

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

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

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

33 (i) If the term of the agreement is not more than five years, \$1.25 million in state and local re-
34 venue; or

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

36 (B) The department and the recipient business may specify in the program grant or loan agree-
37 ment what the term "revenue" includes.

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

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

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

43 (g)(A) In addition to program grants and loans, an application assistance grant, in an amount
44 not to exceed \$50,000, may be awarded to a business whose application is approved under section
45 3, **chapter 25, Oregon Laws 2023** [of this 2023 Act], for the costs of preparing and submitting the

1 business's application for federal semiconductor financial assistance.

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

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

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

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

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

9 **SECTION 7.** Section 6, chapter 25, Oregon Laws 2023, is amended to read:

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

12 (2) Moneys in the fund shall consist of:

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

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

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

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

20 (a) Paying the actual costs incurred by the department in developing and administering sections
21 1 to 6, **chapter 25, Oregon Laws 2023** [*of this 2023 Act*]; [*and*]

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

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

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

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

30 **SECTION 8.** **This 2024 Act takes effect on the 91st day after the date on which the 2024**
31 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

32