

B-Engrossed House Bill 2322

Ordered by the House June 23
Including House Amendments dated April 10 and June 23

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Economic Development, Small Business, and Trade for Representative Daniel Nguyen)

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: The Act would let state CHIPS Fund grants be awarded to firms that could get federal semiconductor financial assistance under the CHIPS Act but have not applied for it. The Act would expand the kinds of businesses that may receive state CHIPS Fund grants. The Act would rename the CHIPS Fund as the Oregon Fostering Innovation Strength at Home and CHIPS Fund. (Flesch Readability Score: 64.4).

Authorizes state CHIPS Fund grants and loans to businesses that are eligible for federal semiconductor financial assistance under the CHIPS Act but have not applied for it. Expands the kinds of businesses that may receive state CHIPS Fund grants and loans. Renames the CHIPS Fund as the Oregon Fostering Innovation Strength at Home and CHIPS Fund.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

Relating to economic development; creating new provisions; amending sections 1, 2, 3, 5 and 6, chapter 25, Oregon Laws 2023; and declaring an emergency.

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

SECTION 1. Section 2 of this 2025 Act is added to and made a part of sections 1 to 6, chapter 25, Oregon Laws 2023.

SECTION 2. Notwithstanding section 1 (2)(a) and (c) and (4)(a) and section 2 (1)(b)(A) and (B), chapter 25, Oregon Laws 2023, but otherwise subject to sections 1 to 6, chapter 25, Oregon Laws 2023, the Oregon Business Development Department and the Governor may award grants and make loans from moneys in the Oregon Fostering Innovation Strength at Home and CHIPS Fund established under section 6, chapter 25, Oregon Laws 2023, to businesses that have not applied for federal semiconductor financial assistance but that meet the definition of a covered entity.

SECTION 3. Section 1, chapter 25, Oregon Laws 2023, as amended by section 6, chapter 89, Oregon Laws 2024, is amended to read:

Sec. 1. (1) As used in sections 1 to 6, chapter 25, Oregon Laws 2023:

(a) "Covered entity" *[has the meaning given that term by 15 U.S.C. 4651(2)]* **means 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 for targeted industries, materials used for manufacturing in targeted industries or manufacturing equipment for targeted industries.**

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

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.

(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.

(e)(A) **“Targeted industry” means industries identified by the Oregon Business Development Department as providing the State of Oregon with the best opportunities for growth, innovation, high wages, competitiveness and statewide prosperity.**

(B) **“Targeted industry” includes but is not limited to metals and machinery, business services, food and beverages, forestry and wood products, high technology, outdoor gear and apparel and bioscience.**

(2)(a) The Oregon Business Development Department shall develop a program to award grants and make loans from moneys in the Oregon **Fostering Innovation Strength at Home** and CHIPS Fund established under section 6, chapter 25, Oregon Laws 2023, 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, 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:]

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

(B) Regardless of whether a business applies for federal semiconductor financial assistance or is approved:

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

(ii) Research and development with respect to semiconductors or *[advanced manufacturing]* **targeted industries**; 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]* **targeted industries**.

(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, 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, 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, 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 **Fostering Innovation Strength at Home and** CHIPS Fund established under section 6, chapter 25, Oregon Laws 2023.

(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, 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:]

1 *[(a) Subsection (4)(e) and (f) of this section;]*

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

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

4 **SECTION 4.** Section 2, chapter 25, Oregon Laws 2023, is amended to read:

5 **Sec. 2.** (1)(a) The Oregon Business Development Department shall prescribe an application pro-
6 cess, including forms and deadlines, by which businesses may apply under this section for program
7 grants and loans.

8 (b) At a minimum, the application form must require the applicant business to:

9 *[(A) Establish its eligibility to be treated by the United States Secretary of Commerce as a covered*
10 *entity;]*

11 *[(B) Include its statement of interest or draft application for federal semiconductor financial as-*
12 *sistance;]*

13 *[(C)]* **(A) [Explain] Execute an affidavit attesting to** how the applicant business plans to
14 comply with all applicable federal **and state** employment, labor and environmental standards;

15 *[(D)]* **(B) Explain** how the proposed activities of the applicant business will promote the expan-
16 sion and long-term economic viability of the *[semiconductor]* **applicable targeted** industry in Oregon,
17 including research and development, manufacturing and other critical links in the *[semiconductor]*
18 supply chain;

19 *[(E)]* **(C) State** the amount of program grant or loan proceeds sought under this section along
20 with a detailed description of the proposed expenditure of the proceeds;

21 *[(F) If the application includes a request for an application assistance grant, state the amount of*
22 *the application assistance grant sought and demonstrate the applicant business's need for the applica-*
23 *tion assistance grant;]*

24 *[(G) Explain how the applicant business will meet the requirements under section 1 (4)(e) or (f) of*
25 *this 2023 Act, setting forth at a minimum such information as:]*

26 *[(i) For state and local revenue, the kinds, amounts and timing of the revenue to be generated;*
27 *or]*

28 *[(ii) For job creation, such information as the number, job descriptions, weekly hours, pay scale*
29 *and locations of the proposed jobs;]*

30 *[(H) Include any other information that the department or the Governor considers necessary or*
31 *important for review of the application; and]*

32 *[(I) Sign the application through an authorized director, officer, employee or agent under penalties*
33 *for false swearing.]*

34 **(D) Explain how the applicant business will meet the requirements under section 1 (4)(e)**
35 **or (f), chapter 25, Oregon Laws 2023, setting forth at a minimum such information as:**

36 **(i) For state and local revenue, the kinds, amounts and timing of the revenue to be gen-**
37 **erated; or**

38 **(ii) For job creation, such information as the number, job descriptions, weekly hours, pay**
39 **scale and locations of the proposed jobs;**

40 **(E) Include any other information that the department or the Governor considers nec-**
41 **essary or important for review of the application; and**

42 **(F) Sign the application through an authorized director, officer, employee or agent under**
43 **penalties for false swearing.**

44 **(2)(a) Upon request, the department may consult with an applicant business about the business's**
45 **application, before or after submission.**

(b) An applicant business may amend and resubmit its application at any time within the application period.

(3) Trade secrets, as defined in ORS 646.461, that are submitted to the department as part of an application under this section shall be exempt from disclosure under ORS 192.311 to 192.478 until January 1, [2027] **2029**.

SECTION 5. Section 3, chapter 25, Oregon Laws 2023, is amended to read:

Sec. 3. (1)(a) The Oregon Business Development Department and the Governor shall review all timely and complete applications for program grants and loans, with such distribution of duties and powers as the department and the Governor may arrange.

(b) Within 90 days following receipt of an application, the department and the Governor shall:

(A) Approve the application;

(B) Approve the application for a program grant or loan[, or *application assistance grant*,] in an amount other than the amount requested; or

(C) Reject the entire application [*or only the request for an application assistance grant*].

[(c) *For a program grant or loan in an amount greater than \$50 million, the Governor shall provide notice to the Legislative Assembly in accordance with section 1 (4)(b)(B) of this 2023 Act.*]

[(d)] (c) The decisions made with respect to an application are not subject to appeal.

(2) In approving applications and setting program grant and loan amounts, the department and the Governor shall give preference to:

[(a) *Projects that will promote the expansion and long-term economic viability of the semiconductor industry in Oregon, including research and development, manufacturing and other critical links in the semiconductor supply chain;*]

[(b) *Projects that will promote and extend Oregon's leadership in the field of technology;*]

(a) Projects that will promote the expansion and long-term economic viability of semiconductors and targeted industries in Oregon, including research and development, manufacturing and supply chains;

(b) Projects that will promote and extend Oregon in the fields of technology and manufacturing;

(c) Projects that will attract manufacturing jobs to Oregon;

(d) Projects that will secure supply in Oregon for [*critical sectors of the state economy*] **semiconductors or targeted industries;**

(e) Projects that reflect an applicant business's established relationship, or commitment to build a relationship, with organizations focused on developing a diverse workforce pipeline;

(f) Applicant businesses that have at least [10] **five** full-time employees in Oregon;

(g) Applicant businesses that have formed partnerships for the purpose of workforce development or the creation of training, registered apprenticeship or internship opportunities; **and**

[(h)(A) *Applicant businesses that commit to generating a greater amount of state and local revenue in accordance with section 1 (4)(e) of this 2023 Act; or*]

[(B) *Applicant businesses that commit to creating a higher percentage of new permanent full-time jobs in accordance with section 1 (4)(f) of this 2023 Act;*]

[(i) *Applications that propose projects described in 15 U.S.C. 4652(a)(2)(B)(i) that will incorporate significant participation by businesses owned by members of underrepresented communities and economically disadvantaged individuals; and*]

[(j)] (h) Applications that, taken together, represent regional diversity in Oregon.

(3)(a) As soon as practicable after making decisions under subsection (1) of this section, the

department shall:

(A) Notify the applicant business of the decision and the reasons for the decision; and

(B) For an approved application, offer to the applicant business a program grant or loan agreement. *[and, if applicable, an application assistance grant.]*

(b) Upon entering into a program grant or loan agreement with the applicant business, the department shall distribute to the business from the Oregon **Fostering Innovation Strength at Home and CHIPS** Fund established under section 6, **chapter 25, Oregon Laws 2023**, *[of this 2023 Act]* the amount set forth in the agreement.

(4)(a) If a business that has entered into an agreement pursuant to this section changes ownership during the term of the agreement, the department and the Governor may allow the continued use of the program grant or loan proceeds provided the business enters into a new agreement with the department that commits the business to continuing the project as proposed in the application approved under this section.

(b) In the new agreement, the department may agree to minor changes in the terms of the original agreement that the department and the Governor considers reasonable in the circumstances and faithful to the purpose for which the business's application was approved.

SECTION 6. Section 5, chapter 25, Oregon Laws 2023, is amended to read:

Sec. 5. (1)(a) A business that received a program grant or loan, including an application assistance grant, shall become liable for immediate repayment of the full amount of the grant or the outstanding principal amount of the loan, if:

(A) The business has not begun, on or before January 1, 2027, the process of applying for permits required for the project for which the grant was awarded or the loan made;

(B) The project changes substantially from the project for which the business's application was approved such that the project would not have been eligible for the program grant or loan;

(C) On or before the earlier of a date, if any, specified in the program grant or loan agreement or January 1, 2033:

(i) The business has not generated state and local revenue in accordance with section 1 (4)(e), **chapter 25, Oregon Laws 2023** *[of this 2023 Act]*; or

(ii) The business has not created new permanent full-time jobs in accordance with section 1 (4)(f), **chapter 25, Oregon Laws 2023** *[of this 2023 Act]*;

(D) The business has not complied with all environmental standards applicable to the project under law or has not cured its noncompliance within a reasonable time, as determined by the Oregon Business Development Department or the Governor; or

(E) The business has not complied with all labor standards applicable to the project under law or the program grant or loan agreement or has not cured its noncompliance within a reasonable time, as determined by the department or the Governor.

(b) If a project is suspended for a reason beyond the control of the business, as determined by the department or the Governor, the amount to be repaid shall be in proportion to the percentage of the project that has not been completed at the time of suspension.

(2) Any and all amounts required to be repaid under this section shall be considered to be liquidated and delinquent, and the Oregon Business Development Department shall assign such amounts to the Department of Revenue for collection as provided in ORS 293.250.

(3) If the Oregon Business Development Department or the Governor discovers that a business willfully made a false statement or misrepresentation, or willfully failed to report a material fact, to obtain a program grant or loan, or an application assistance grant, under sections 1 to 6, **chapter**

1 **25, Oregon Laws 2023** [of this 2023 Act], the Oregon Business Development Department may add
 2 to the amount the business is obligated to repay a penalty not to exceed 20 percent of the principal
 3 amount of the program grant or loan so obtained, plus any applicable interest and fees associated
 4 with the Department of Revenue's costs of collection.

5 (4) Subject to ORS 293.250, all amounts repaid to the Oregon Business Development Department
 6 or the Department of Revenue under this section, including award amounts, penalties, interest, fees
 7 and any other charges, shall be transferred to the Oregon **Fostering Innovation Strength at**
 8 **Home and CHIPS Fund** established under section 6, **chapter 25, Oregon Laws 2023** [of this 2023
 9 Act].

10 **SECTION 7.** Section 6, chapter 25, Oregon Laws 2023, as amended by section 5, chapter 81,
 11 Oregon Laws 2024, and section 7, chapter 89, Oregon Laws 2024, is amended to read:

12 **Sec. 6.** (1) The Oregon **Fostering Innovation Strength at Home and CHIPS Fund** is estab-
 13 lished in the State Treasury, separate and distinct from the General Fund. Interest earned by the
 14 Oregon **Fostering Innovation Strength at Home and CHIPS Fund** shall be credited to the fund.

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

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

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

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

21 (3) Moneys in the Oregon **Fostering Innovation Strength at Home and CHIPS Fund** are
 22 continuously appropriated to the Oregon Business Development Department for the following pur-
 23 poses:

24 (a) Paying the actual costs incurred by the department in developing and administering sections
 25 1 to 6, chapter 25, Oregon Laws 2023;

26 (b) Carrying out the provisions of sections 1 to 6, chapter 25, Oregon Laws 2023;

27 (c) Transferring moneys to the Semiconductor Talent Sustaining Fund established under section
 28 **2, chapter 89, Oregon Laws 2024** [of this 2024 Act]; and

29 (d) Transferring moneys to the CHIPS Child Care Fund established under section 3, **chapter**
 30 **81, Oregon Laws 2024**, [of this 2024 Act] for the purpose of carrying out section 2, **chapter 81,**
 31 **Oregon Laws 2024** [of this 2024 Act].

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

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

36 **SECTION 8.** (1) Notwithstanding any other law limiting expenditures, and except as pro-
 37 vided in subsection (2) of this section, the amount of \$15,000,000 is established for the
 38 biennium beginning July 1, 2025, as the maximum limit for payment of expenses by the
 39 Oregon Business Development Department from the **Fostering Innovation Strength at Home**
 40 **and CHIPS Fund** established under section 6, chapter 25, Oregon Laws 2023.

41 (2) The limitation established under subsection (1) of this section does not include
 42 expenditures of moneys in the **Fostering Innovation Strength at Home and CHIPS Fund** that
 43 are obligated as of June 30, 2025, for existing projects authorized under sections 1 to 6,
 44 chapter 25, Oregon Laws 2023.

45 **SECTION 9.** This 2025 Act being necessary for the immediate preservation of the public

1 **peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect**
2 **on its passage.**

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