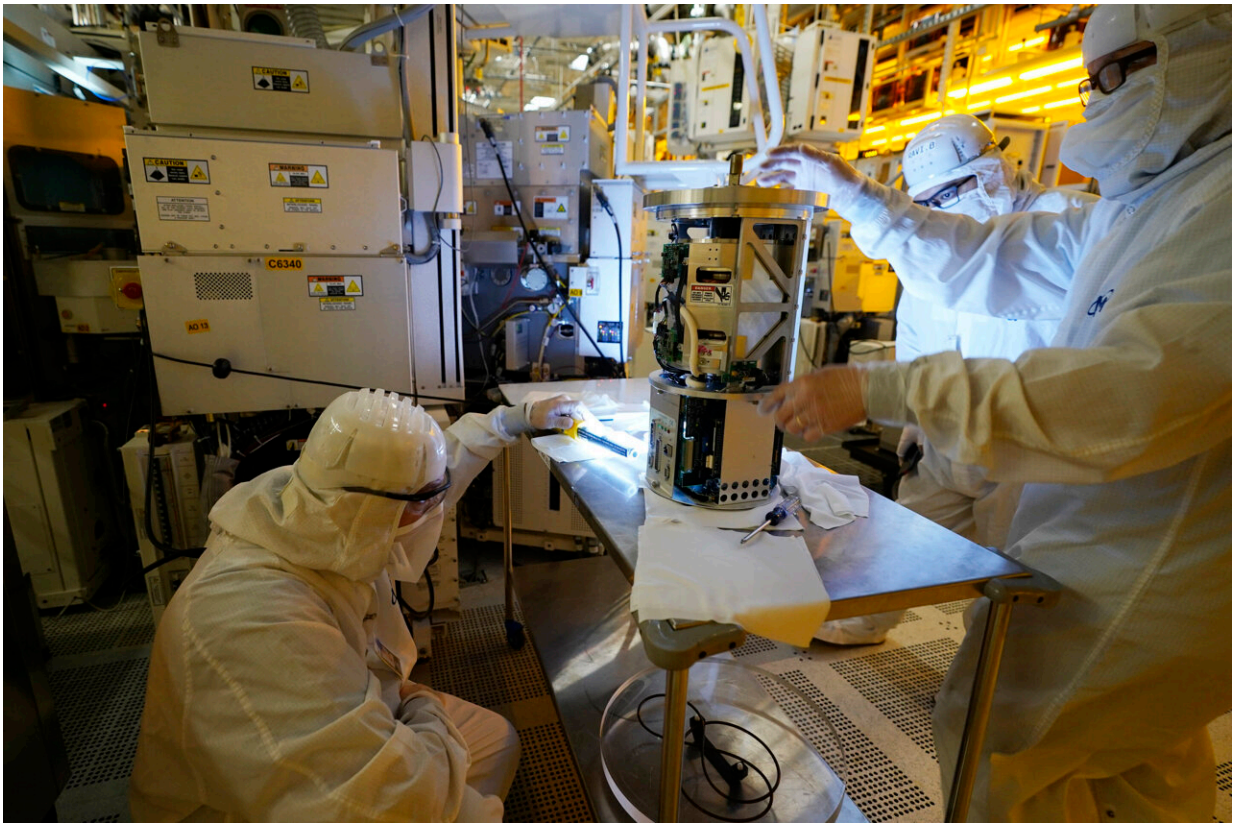


Senate passes bill to boost computer chip production in US

July 27 2022, by KEVIN FREKING



Technicians inspect a piece of equipment during a tour of the Micron Technology automotive chip manufacturing plant Feb. 11, 2022, in Manassas, Va. A bill to boost semiconductor production in the United States is making its way through the Senate is a top priority of the Biden administration. It would add about \$79 billion to the deficit over 10 years, mostly as a result of new grants and tax breaks that would subsidize the cost that computer chip manufacturers incur when building or expanding chip plants in the U.S. Credit: AP Photo/Steve Helber, File

A bill designed to encourage more semiconductor companies to [build chip plants](#) in the United States passed the Senate on Wednesday as lawmakers raced to finish work on a [key priority](#) of the Biden administration.

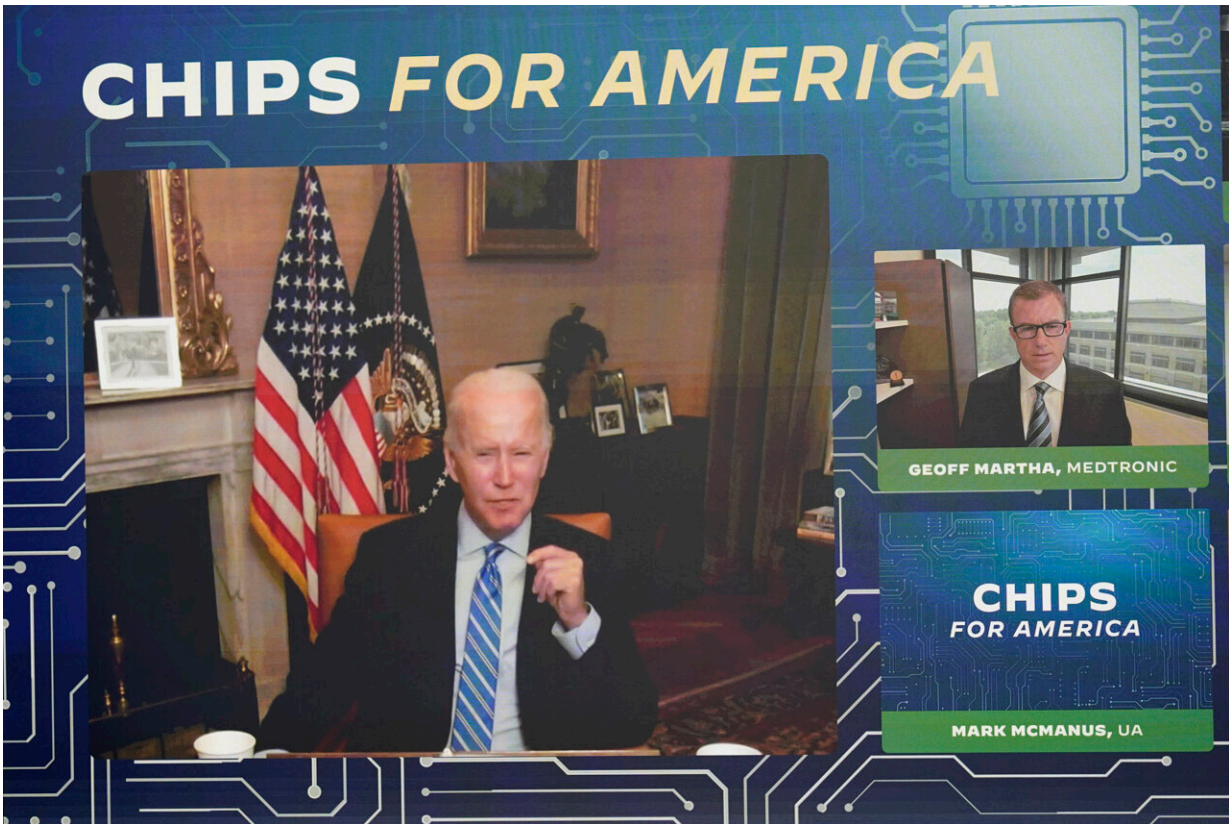
The \$280 billion measure, which awaits a House vote, includes federal grants and tax breaks for companies that construct their chip facilities in the U.S. The legislation also directs Congress to significantly increase spending on high-tech research programs that lawmakers say will help the country stay economically competitive in the decades ahead.

Senate passage came by a 64-33 vote. The House vote is expected later this week as lawmakers try to wrap up business before returning to their home states and districts in August.

House Speaker Nancy Pelosi, D-Calif., has said she is confident there is enough GOP support to overcome potential defections from Democrats who view the subsidy effort to boost semiconductor companies as a misplaced priority.

Seventeen Republicans voted for the measure. Sen. Bernie Sanders, I-Vt., broke ranks with Democrats in voting against the bill.

Proponents of the legislation say other countries are spending billions of dollars to lure chipmakers. Backers say the U.S. must do the same or risk losing a secure supply of the semiconductors that power automobiles, computers, appliances and some of the military's most advanced weapons systems.



President Joe Biden speaks virtually during an event in the South Court Auditorium on the White House complex in Washington, Monday, July 25, 2022. Biden, who continues to recover from his coronavirus infection, spoke virtually with business executives and labor leaders to discuss the Chips Act, a proposal to bolster domestic manufacturing. Credit: AP Photo/Susan Walsh

Senate Majority Leader Chuck Schumer, D-N.Y., said the bill represented one of the nation's largest investments in science and manufacturing in decades and that with the Senate's approval, "we say that America's best years are yet to come."

Opponents have been critical of the bill's price tag. It is projected to increase federal deficits by about \$79 billion over 10 years.

President Joe Biden said the bill would create jobs and lower costs on a wide range of products from cars to dishwashers.

"For decades, some 'experts' said we needed to give up on manufacturing in America. I never believed that. Manufacturing jobs are back," Biden said. "Thanks to this bill, we are going to have even more of them. The House should promptly pass it and send this bill to my desk."

The bill has been in the works for years, starting with efforts by Schumer and Sen. Todd Young, R-Ind., to increase the government's investment in high tech research and development. While the bill has taken several twists and turns, one constant theme that lawmakers repeatedly emphasized during Wednesday's debate was the need to keep up with China's massive investments in cutting-edge technology.



Senate Majority Leader Chuck Schumer, D-N.Y., speaks to reporters after the Senate advanced a \$280 billion bill designed to boost the U.S. semiconductor industry and to accelerate high tech research that backers say will be critical to the economy in future decades, at the Capitol in Washington, Tuesday, July 26, 2022. Credit: AP Photo/J. Scott Applewhite

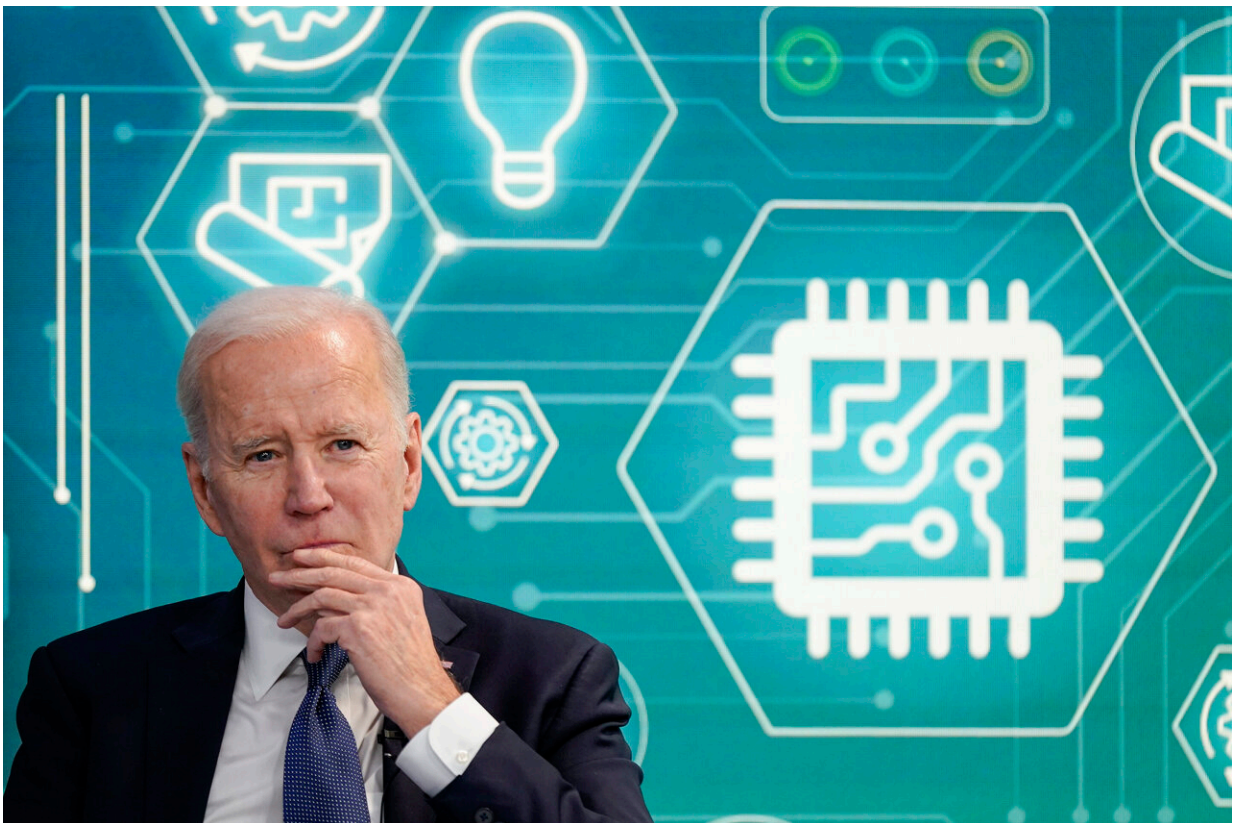
China's government is planning on "winning the (artificial intelligence) race, winning future wars and winning the future," Young said. "And the truth is, if we're being honest with ourselves, Beijing is well on its way to accomplishing these goals."

Sen. Roger Wicker, R-Miss., said: "Regrettably, we are not in the driver's seat on a range of important technologies. China is." Congress, he said, now has "a chance to move us back in the right direction and put America back into a place to win the game."

The bill provides more than \$52 billion in grants and other incentives for the semiconductor industry as well as a 25% tax credit for those companies that invest in chip plants in the U.S. It calls for increased spending on various research programs that would total about \$200 billion over 10 years, though Congress will have to follow through by approving that money in future spending bills.

Despite years of work, the bill's future did not look so promising about a month ago. That's when Senate Republican leader Mitch McConnell tweeted that there would be no chips legislation as long as Democrats pursued a party-line package of energy and economic initiatives. GOP support is critical in the Senate to get the 60 votes needed to overcome a filibuster.

But when Sen. Joe Manchin of West Virginia quashed the idea of imposing higher taxes on the rich and corporations, key Republicans said that was an opening to go forward on semiconductors. Meanwhile, the Biden administration pushed to get a bill passed before the August recess, even if meant considerably narrowing the focus to just the \$52 billion in semiconductor incentives.



President Joe Biden attends an event to support legislation that would encourage domestic manufacturing and strengthen supply chains for computer chips in the South Court Auditorium on the White House campus, March 9, 2022, in Washington. A bill to boost semiconductor production in the United States is making its way through the Senate and is a top priority of the Biden administration. It would subsidize computer chip manufacturers through grants and tax breaks when they build or expand chip plants in the U.S. Credit: AP Photo/Patrick Semansky, File

Commerce Secretary Gina Raimondo told lawmakers behind the scenes and publicly that semiconductor companies were making plans on how to meet the increased demand for chips. She said the growth in the industry would move forward with or without the United States and if lawmakers didn't act quite soon, those companies would simply choose to build in other countries offering significant financial incentives.

Schumer said that after McConnell's statement, he called the CEOs of chipmakers and companies such as General Motors and Ford and reached out to "unlikely allies" like the U.S. Chamber of Commerce and the Business Roundtable. He urged them to reach out to Republican senators about the importance of the bill.

"And they changed things," Schumer told The Associated Press. "They really, for the first time, industry really helped a good government program."

The House could take up the bill as soon as Thursday. While most Republicans are expected to oppose it, some of the ranking Republicans on committees dealing with national security—Reps. Michael McCaul of Texas, Michael Turner of Ohio and John Katko of New York—support the measure. So do many of the Republicans on a bipartisan group called the Problem Solvers Caucus, which is made up of moderates from both parties.

© 2022 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Senate passes bill to boost computer chip production in US (2022, July 27) retrieved 26 April 2024 from <https://techxplore.com/news/2022-07-senate-bill-boost-chip-production.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.