

# Biden signs CHIPS and Science Act into law

## Article

**The news:** President Joe Biden signed the Creating Helpful Incentives to Produce Semiconductors for America (CHIPS) Act into law, releasing **\$52 billion** to subsidize semiconductor production as well as billions in tax credits to kick-start chip manufacturing investments in the US.

“Today is a day for builders. Today America is delivering,” Biden said at the signing ceremony. He was joined by various tech executives, union presidents, and political leaders from both parties.

**Why it's worth watching:** The **CHIPS and Science Act** is considered a generational piece of legislation that comes at a time of surging global competition, particularly with China. It carries with it the same urgency as the **National Aeronautics and Space Act of 1958** which culminated in the Space Program and made America the first country to land on the moon.

- Leading chipmakers **TSMC**, **Intel**, and **Samsung**, which planned massive investments in new chip fabs in the US, pushed for the bill to pass. Intel postponed its Ohio plant until the bill was secured.
- Intel, **Micron**, **Qualcomm**, and **GlobalFoundries** renewed their commitments to growing US chip production at the signing ceremony.
- Micron is investing \$40 billion in memory chip manufacturing, while Qualcomm and GlobalFoundries are behind a \$4.2 billion expansion of upstate New York facilities.
- The legislation will also create a **25% tax credit for companies that invest in semiconductor manufacturing equipment** or the construction of manufacturing facilities.
- Aside from semiconductors, the bill includes an allotment of **\$200 billion** for scientific research, especially into **AI, robotics, quantum computing**, and other technologies where countries like China have seized the lead.
- **\$13 billion will go to education in STEM**—including scholarships and fellowships, with a focus on increasing access to education in these fields in rural areas.

**The challengers:** At the very least, the CHIPS and Science Act puts the US on par with China and the EU in terms of government investments and incentives.

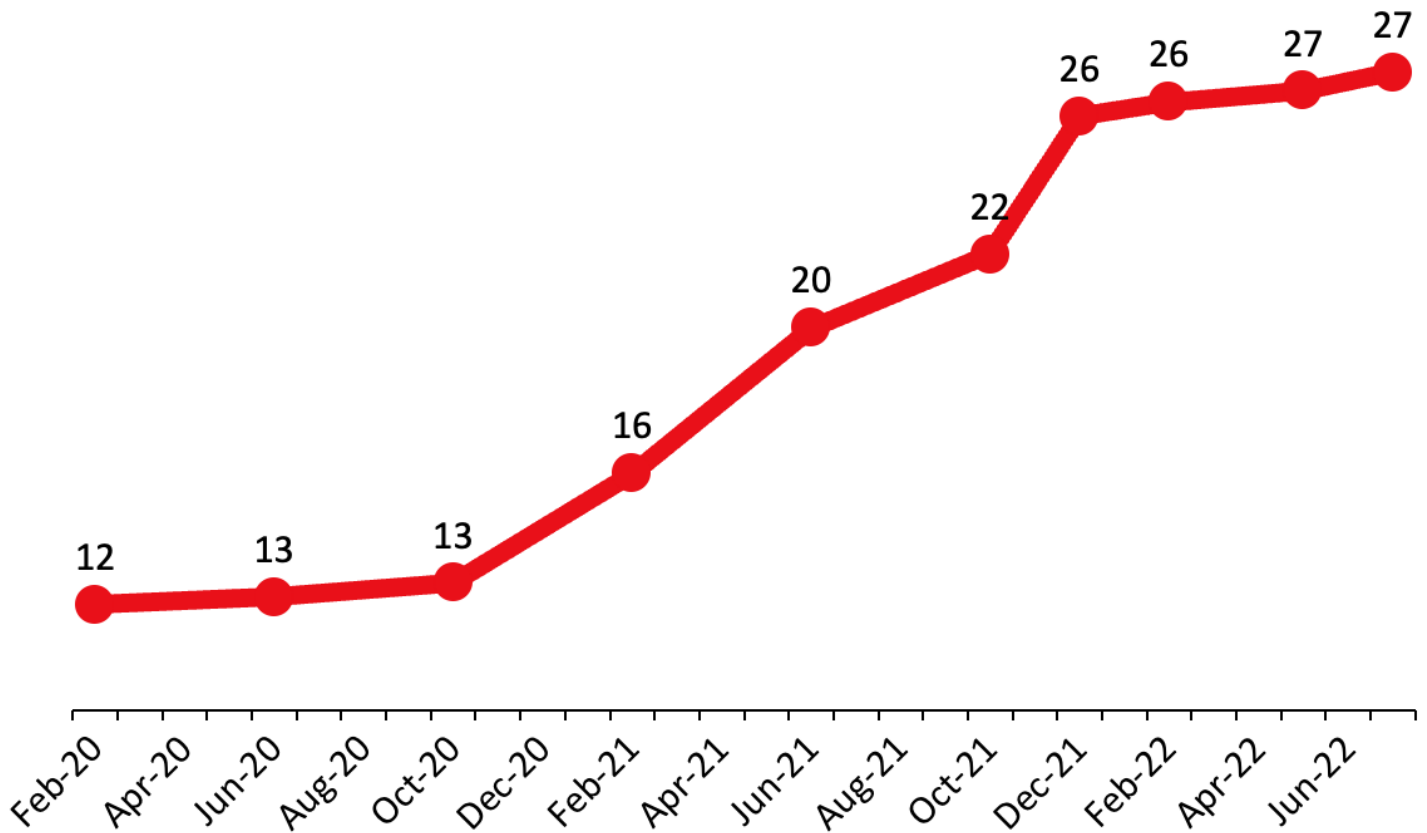
- A similar **\$49 billion EU proposal** is aimed at boosting chip production on the continent.
- **China President Xi Jinping** plans to **invest trillions of dollars** in Chinese companies, infrastructure, and R&D to strengthen the country's tech sector and reduce reliance on foreign suppliers.

**Key takeaways:** While it may take years to reap the benefits of the CHIPS and Science Act, the incentives to develop US factories and technologies could go a long way in securing commitments from industry leaders.

- An increase in manufacturing means more American jobs and economic growth in towns and cities where factories are created.
- The new funding will eventually help lower supply costs and prevent supply chain disruptions.

- Various chip factories will be online in time to supply carmakers as they work to meet [aggressive EV targets](#). Global chip shortages have limited new vehicle production.

## Gap Between Ordering a Chip and Delivery (In weeks)



Source: Susquehanna Financial Group, 2022

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