

Amended Funding Opportunity — Semiconductor Materials and Manufacturing Equipment Facilities FREQUENTLY ASKED QUESTIONS

The following questions and answers apply only to the CHIPS Incentives Program – Semiconductor Materials and Manufacturing Equipment Facilities Amended Notice of Funding Opportunity. For more application-related information, please email apply@chips.gov. For general inquiries, email askchips@chips.gov. We will update these FAQs regularly to incorporate answers to new questions we receive.

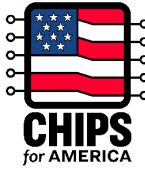
I am a semiconductor material or manufacturing equipment supplier. When may I apply for funding?

Potential applicants for semiconductor materials and manufacturing equipment facilities for which the capital investment equals or exceeds \$300 million may submit pre-applications (which are recommended) on a rolling basis beginning Friday, September 1, 2023. Full applications will be accepted on a rolling basis beginning Monday, October 23, 2023.

In the fall, the CHIPS Program Office will release an additional funding opportunity for applications relating to semiconductor materials and manufacturing equipment facilities with capital investments under \$300 million. In that funding opportunity, the CHIPS Program Office will provide additional details regarding the timeline for application submission. For an overview of that funding opportunity, see [Fact Sheet: Supply Chain Funding Opportunities](#).

How do I know if I am eligible for funding as a semiconductor material or manufacturing equipment manufacturer?

If you are applying to construct, expand, or modernize a semiconductor material or semiconductor manufacturing equipment facility and your project's capital investment equals or exceeds \$300 million, then you are eligible under the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#), provided you meet the other statutory requirements for funding under the CHIPS Act. For more information, see Sections I.B.1 (“What facilities are eligible for funding under this NOFO?”) and I.B.2 (“What are the eligibility requirements for funding under this NOFO?”) of the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#).



If you are applying to construct, expand, or modernize a semiconductor material or semiconductor manufacturing equipment facility and your project's capital investment falls below \$300 million, then you may be eligible to apply for funding under the dedicated Notice of Funding Opportunity the CHIPS Program Office will be releasing at a later date. The CHIPS Program Office will provide additional details regarding eligibility requirements in that funding opportunity. For an overview of that forthcoming funding opportunity, see [Fact Sheet: Supply Chain Funding Opportunities](#).

Will I have the opportunity to receive funding if my project involves less than \$300 million in capital investments?

Yes, projects for semiconductor materials and manufacturing equipment facilities for which capital investments are below \$300 million will be able the subject of a dedicated funding opportunity to be released at a later date. That funding opportunity will include a different application process designed for smaller businesses. For more information, see [Fact Sheet: Supply Chain Funding Opportunities](#).

What can you tell us about the dedicated supply chain funding opportunity that will be released in the fall?

The dedicated supply chain funding opportunity will be open to projects for materials and manufacturing equipment facilities for which the capital investment falls below \$300 million. The Department will seek applicants that advance any of the three objectives outlined in the [Vision for Success](#). These objectives are strengthening supply chain resilience, advancing U.S. technology leadership, and supporting vibrant U.S. fab clusters. For projects advancing the third objective—supporting vibrant U.S. fab clusters—the Department will encourage suppliers to consider applying as part of a consortium that promotes the development and sustainability of semiconductor clusters.

Successful consortia might include multiple supplier facilities, one or more state or local government entities, and an anchor institution such as a semiconductor fab (semiconductor fabs will not be eligible for funding under this opportunity; applicants seeking CHIPS incentives for semiconductor fabs may apply under the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#)). Consortia may also include workforce providers, labor unions, economic development corporations, institutions of higher educations, philanthropic foundations, industry organizations, or other relevant entities. One example of a strong consortium could be a science park in which state or local government entities provide land, shared utilities and infrastructure, streamlined permitting, and incentives to a group of suppliers located near a fab.

The funding opportunity will include a different application process, designed for smaller projects and businesses.

For more information, see [Fact Sheet: Supply Chain Funding Opportunities](#).

For the purposes of the \$300 million threshold, how is the CHIPS Program Office defining “capital investments”?

For the purposes of [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#), the CHIPS Program Office has defined capital investments as the costs required to complete the construction, expansion, or modernization of the project and initiate operation, broken down by category such as land, construction (e.g., labor and material), equipment, infrastructure improvements (e.g., utility plants, access to infrastructure, or wastewater treatment plants), and administrative expenses directly attributable to the construction, expansion, or modernization (e.g., legal, engineering, and permitting fees). See Section IV.I.3 (“Financial Information”) of the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#).

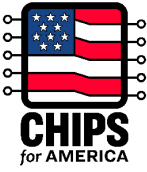
I am a raw material supplier. Am I eligible to apply for funding under the CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity? How will my application be evaluated?

As defined in this funding opportunity, semiconductor materials facilities are facilities for the manufacture or production of materials used to manufacture semiconductors, which are the chemicals, gases, raw and intermediate materials, and other consumables used in semiconductor manufacturing (emphasis added). Potential applications related to raw semiconductor materials facilities may apply for funding so long as the capital investment equals or exceeds \$300 million.

Eligible, responsive and complete applications will be evaluated based on the extent to which they meet the six evaluation criteria laid out in the Notice of Funding Opportunity, including the extent to which the application addresses the program’s economic and national security objectives. Applications for semiconductor materials and equipment facilities will be evaluated, in particular, on the extent to which the proposed project strengthens supply chain resilience; helps build productive and self-sustaining semiconductor ecosystems; and advances economic security by locating critical manufacturing in the United States and contributing to the U.S. innovation ecosystem.

I am a supplier to a supplier. Am I eligible for funding under the CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity? How will my application be evaluated?

As defined in the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#), semiconductor materials facilities include facilities that manufacture or produce raw and intermediate materials, and semiconductor manufacturing equipment facilities include facilities that produce the subsystems that enable or are incorporated into



manufacturing equipment. These suppliers to a supplier may apply for funding so long as their capital investment equals or exceeds \$300 million.

Eligible, responsive and complete applications will ultimately be evaluated based on the extent to which they meet the six criteria laid out in the Notice of Funding Opportunity, including the extent to which the application addresses the program’s economic and national security objectives. Applications for semiconductor materials and equipment facilities will be evaluated, in particular, on the extent to which the proposed project strengthens supply chain resilience; helps build productive and self-sustaining semiconductor ecosystems; and advances economic security by locating critical manufacturing in the United States and contributing to the U.S. innovation ecosystem.

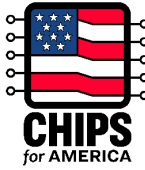
I am a supplier that primarily serves a non-semiconductor-related industry. Am I eligible to apply for funding under this funding opportunity?

If you are a potential applicant for a project related to a semiconductor material facility or a semiconductor manufacturing equipment facility—as these facilities are defined in the Notice of Funding Opportunity, see Section I.B.3 of the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#)—then you are eligible to apply for funding even if a portion of your business is not related to semiconductors.

Please note, however, that all supply chain projects will be evaluated for consistency with overall program priorities, including the extent to which the proposed project strengthens semiconductor supply chain resilience; helps build productive and self-sustaining semiconductor ecosystems; and advances economic security by locating critical manufacturing in the United States and contributing to the U.S. innovation ecosystem. Our evaluation of the merits of a supply chain project will take into account the materiality of the project’s semiconductor-related output, relative to both overall project size and to the U.S. semiconductor ecosystem as a whole.

Does the expected funding range of 5-15% apply to suppliers applying for funding under the CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity?

The CHIPS Program Office generally expects that most CHIPS Direct Funding awards will range between 5-15% of project capital expenditures. That range accounts for the expectation that most projects will be eligible for the Investment Tax Credit. For projects that are not eligible for the Investment Tax Credit, such as projects related to semiconductor materials facilities, that range may be higher. See Section I.B.7 (“How much support can a project receive in CHIPS Direct Funding?”) of the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#).



Materials facilities are not eligible for the Investment Tax Credit. Should such projects expect to fall within the expected funding range of 5-15% for the purposes of the CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity?

Materials facilities are not expected to fall exclusively within the 5-15% range. That range is meant to apply generally to projects that are eligible for the Investment Tax Credit. For materials facilities that are not eligible for the Investment Tax Credit, the range may be higher. See Section I.B.7 (“How much support can a project receive in CHIPS Direct Funding?”) of the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#).

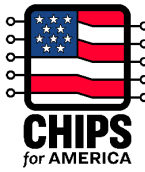
The CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity says that the Department generally expects that the total amount of a CHIPS Incentives Award, inclusive of CHIPS Direct Funding and the principal amount of a CHIPS Loan or CHIPS Loan Guarantee, will not exceed 35% of project capital expenditures. Does this expectation apply to suppliers, including materials facilities, as well?

The 35% percent figure reflects certain assumptions about a project, including debt-to-equity ratios and the contribution of the Investment Tax Credit, that may not apply in all cases. The ceiling may be higher if a project is not eligible for the Investment Tax Credit, such as for projects related to semiconductor materials facilities. See Section II.C (“Award Amount”) of the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#).

What are the Department of Commerce’s economic and national security objectives for investments in the supply chain?

The Department of Commerce has laid out three core economic and national security objectives for investments in the supply chain. First, the Department aims to strengthen supply chain resilience by investing in materials and manufacturing equipment facilities that reduce vulnerabilities associated with geographic concentration, supply-chain bottlenecks, and/or production in foreign countries of concern. Second, the Department aims to invest in materials and manufacturing equipment facilities that advance economic security by locating critical manufacturing know-how in the United States and contributing to the U.S. innovation ecosystem. Third, the Department seeks to support applications for semiconductor materials and manufacturing equipment facilities that help build productive and self-sustaining ecosystems, including by clustering with semiconductor fabrication facilities or otherwise improving the competitiveness and innovativeness of the U.S. semiconductor ecosystem.

For more information, please see the [Vision for Success: Facilities for Semiconductor Materials and Manufacturing Equipment](#).



I am a supplier that has already begun construction for my proposed project. Am I still eligible for funding?

The CHIPS Act provides that funding is available to covered entities “to incentivize investment in facilities and equipment in the United States” for the fabrication, assembly, testing, advanced packaging, or production of semiconductors, materials used to manufacture semiconductors, or semiconductor manufacturing equipment. Applicants must therefore demonstrate how the CHIPS Incentives requested will incentivize the applicant to make investments in facilities and equipment in the United States that would not occur in the absence of CHIPS Incentives.

For applications containing projects that have already been announced or begun construction, this standard could be met by demonstrating that the CHIPS Incentives requested will enable the applicant to meaningfully enhance the size, scope, speed, or technical ambition of the overall application. If the applicant cannot make this type of demonstration, it will have to show that the project would not occur without CHIPS funding.

Can I apply as part of a consortium?

An applicant must be a “covered entity” to receive CHIPS Incentives, and for the purposes of the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#), a “covered entity” includes a consortium of private-sector entities or of nonprofit, public, and private-sector entities with a demonstrated ability to substantially finance, construct, expand, or modernize a facility eligible for funding.

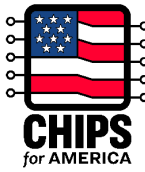
Consortia will also play a role in the funding opportunity coming later this year for semiconductor materials and equipment facilities for which the capital investment falls below \$300 million. For more information, see [Fact Sheet: Supply Chain Funding Opportunities](#).

How does the \$300 million threshold apply to consortium applicants?

The \$300 million threshold applies on a per project basis, and for the purposes of an application, a “project” is a set of capital expenditures for the construction, expansion, or modernization of a single facility. Thus, the capital investments for each facility for which a consortium is applying for CHIPS funding must equal or exceed \$300 million.

I am a supply chain applicant. Do I need to submit a statement of interest?

All applicants, including supply chain applicants, must submit a statement of interest with a brief description of the planned application. The Department strongly encourages applicants to submit statements of interest at the earliest possible date, as these statements enable the Department to gauge interest in the program and plan for pre-application or application review. Note that statements of interest must be submitted a minimum of 21 days before submission of a pre-application or full application.



I am planning to apply for R&D funding under the CHIPS 9906 programs such as the National Semiconductor Technology Center. Does submitting a statement of interest to the CHIPS 9902 programs have any effect on my future application for 9906 funding?

No, the process for applying for Section 9902 funding is separate from the processes of applying for Section 9906 funding, which is overseen by the CHIPS Research and Development Office. The CHIPS Program Office encourages applicants to consider applying to both programs.