CHIPS for America and SelectUSA: Resources for Supporting International Business Attraction in the Semiconductor Industry

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Today’s Speakers

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Research Analyst, Investment Research SelectUSA
Agenda

• CHIPS for America Update
  • Manufacturing Incentives Program
  • R+D Program

• SelectUSA Information
  • About SelectUSA
  • Investor Guide

• Resources
CHIPS for America Programs

$39 billion for manufacturing

Components:
1. Attract large-scale investments in advanced technologies such as leading-edge logic and memory
2. Incentivize expansion of manufacturing capacity for mature and other types of semiconductors

$11 billion for R&D

- National Semiconductor Technology Center
- National Advanced Packaging Manufacturing Program
- Manufacturing USA institute(s)
- National Institute of Standards and Technology measurement science

Together with CHIPS initiatives from other agencies, including DOD, State, NSF, and Treasury

Workforce Development
CHIPS Manufacturing Incentives
Vision for Success

Future projects will be prioritized based on whether they can be operational by 2030

**Leading-Edge Logic**

- Expecting ~20% of global leading-edge logic chip manufacturing and at least two new large-scale clusters of leading-edge logic fabs

**Advanced Packaging**

- Multiple high-volume advanced packaging facilities

**Memory**

- U.S.-based fabs will produce high-volume, cost-competitive memory chips

**Current-Generation and Mature**

- Strategic increase in production capacity for current-gen and mature chips
CHIPS Program Office Funding Opportunities

February 28, 2023
For commercial leading-edge, current, and mature node fabrication facilities

June 23, 2023
For large semiconductor materials and equipment facility projects $300M+

September 29, 2023
For smaller semiconductor materials and equipment facility projects under $300M

December 11, 2023
First preliminary memorandum of terms announced for commercial manufacturing facility

The CHIPS Program Office has received over 620 statements of interest, over 170 pre-applications and full applications, and over 160 supply chain concept plans.
The CHIPS and Science Act is spurring investment in the semiconductor industry across the country.

Semiconductor industry manufacturing investments announced by the private sector from May 2020 to March 2024.

Source: Semiconductor Industry Association

CHIPS awards to date:

**Leading-Edge Companies:**
- Intel – facilities located in Arizona, New Mexico, Ohio, and Oregon
- TSMC – facilities located in Arizona
- Samsung – facilities located in Texas
- Micron – facilities located in Idaho and New York

**Current and Mature Node Companies:**
- BAE Systems – facility located in New Hampshire
- Microchip – facilities located in Colorado and Oregon
- GlobalFoundries – facilities located in New York and Vermont

Source: Semiconductor Industry Association
CHIPS R&D

Vision  A vibrant and self-sustaining U.S. domestic semiconductor ecosystem that revitalizes American manufacturing, grows a skilled and diverse workforce, and leads the world in semiconductor research and innovation.

Mission  Accelerate the development and commercial deployment of foundational semiconductor technologies by establishing, connecting, and providing access to domestic research efforts, tools, resources, workers, and facilities.
CHIPS R&D Programs

Vision: A vibrant and self-sustaining U.S. domestic semiconductor ecosystem that revitalizes American manufacturing, grows a skilled and diverse workforce and leads the world in semiconductor research and innovation.
About SelectUSA

Our Mission

SelectUSA’s mission is to promote and facilitate job-creating business investment in the United States.

SelectUSA remains geographically neutral when assisting companies looking to invest in the United States. We support greenfield investment.

Our Clients

SelectUSA serves investors and companies with existing operations in the U.S. or planning to enter the U.S. market, and economic development organizations (EDO) at the state, regional, and local levels.
# SelectUSA Services

<table>
<thead>
<tr>
<th>Services</th>
<th>Description</th>
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<tbody>
<tr>
<td>Market Research</td>
<td><strong>Actionable information</strong> on industry and market trends to support company and EDO investment attraction strategies.</td>
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<tr>
<td>Events and Missions</td>
<td><strong>Platform for connections</strong> that will provide platforms for EDOs to market their locations and develop investment leads and for companies to meet EDOs and for firms to connect with EDOs.</td>
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<td>Navigating the Federal System</td>
<td><strong>Help navigate the federal system</strong> to provide clarity, offering one-stop assistance with federal agencies.</td>
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<td>Investment Project Advocacy</td>
<td><strong>EDOs can request high-level advocacy from the federal government, via SelectUSA,</strong> to support their pitch when faced with competition from a non-U.S. jurisdiction for a firm's investment.</td>
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SelectUSA Investor Guide

This presentation will provide a general overview of the SelectUSA Investor Guide and highlights seven of 14 chapters.

Views expressed in these chapters are those of the authors, and not necessarily that of the International Trade Administration. The guide does not constitute legal advice. Readers interested in investing in the United States should consult legal counsel.
SelectUSA Investor Guide

Chapters Include:

Chapter 1: Overall Investment Checklist
Chapter 2: Immigration
Chapter 3: Business Structure
Chapter 4: Taxes
Chapter 5: Workforce
Chapter 6: FDI Restrictions
Chapter 7: Committee on Foreign Investment in the United States
Chapter 8: Intellectual Property
Chapter 9: Banking Checklist
Chapter 10: Site Selection
Chapter 11: Economic Development Incentives
Chapter 12: Federal Procurement
Chapter 13: U.S. Capital Market Structure
Chapter 14: Partnering with U.S. Research Organizations
Chapter One:
Overall Investment Checklist

Robert Calafell, *National Credits & Incentives Leader, RSM*
Matt Dollard, *Global Expansion Advisory Leader, RSM*
Goran Lukic, *Director, RSM*

Source: SelectUSA Investor Guide – Chapter One
Key Questions for Establishing Your Business in the United States

• What is your strategy?
• What are your goals?
• Where will you focus?
• How will your product or service succeed?
• How will you configure business operations to meet your goals?
• What is your plan?
Key Checklist for Foreign Investment in the United States

- Investment Planning
- Expansion Strategy Development
- Tax and Entity Planning
- Human Resources Planning
- Accounting and Financial Reporting
- Facility Considerations
## Overall Investment Checklist (1)

### Investment Planning
- Create business and expansion strategic plan
- Select advisors
- Analyze tariff issues
- Conduct tax analysis
- Develop implementation plan

### Expansion Strategy Development
- Analyze location, labor, and site selection analysis
- Evaluate tax credits, incentives, and grants
- Conduct operational analysis

### Tax and Entity Planning
- Determine entity type and structure
- Determine jurisdiction (state) location
- Obtain FEIN and state tax ID – tax registration
- Register with the Secretary of State
- Complete federal and international tax planning
- Complete state and local tax planning
- Calculate employment tax and withholdings
### Overall Investment Checklist (2)

<table>
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<tr>
<th>Human Resources Planning</th>
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<tbody>
<tr>
<td>Review social security and other employee benefits</td>
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<tr>
<td>Assess Affordable Care Act and employers’ liability</td>
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<tr>
<td>Secure visas for non-U.S. employees</td>
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<tr>
<th>Accounting and Financial Reporting</th>
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<tr>
<td>Select accounting software/provider</td>
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<tr>
<td>Determine accounting and reporting procedures</td>
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<tr>
<td>Determine financial audit requirements</td>
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<tr>
<th>Facility Considerations</th>
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<tbody>
<tr>
<td>Secure real estate</td>
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<tr>
<td>Obtain required permits / licenses</td>
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<tr>
<td>Establish technology / IT needs</td>
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Chapter Four: Taxes

Jillian Symes, Ernst+Young
Julia Tonkovich, Ernst+Young
Brian Smith, Ernst+Young

Source: SelectUSA Investor Guide – Chapter Four
Navigating the U.S. Federal Tax Code and Regulations

- Choice of Entity
- Financing U.S. Operations
- Repatriation of U.S. Earnings
- State, Local, and Other Taxes
  - State Income Taxes; Sales and Use Taxes; Employment Taxes; Federal, State, and Local Credits and Incentives
# Corporate Tax Rates

**Corporate tax rates at a glance**
*(last updated 2022)*

<table>
<thead>
<tr>
<th>Nature of tax</th>
<th>Rate</th>
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<tr>
<td>Corporate income tax</td>
<td>21%</td>
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<tr>
<td>Capital gains</td>
<td>21%</td>
</tr>
<tr>
<td>State and local income taxes</td>
<td>Varies by state from 0% to 13%, but generally deductible against federal income tax</td>
</tr>
<tr>
<td>FDAP withholding taxes, including dividends, interest, rents, royalties</td>
<td>30% (applicable to non-U.S. recipients) - note this may be reduced under an applicable treaty</td>
</tr>
<tr>
<td>Branch profits tax</td>
<td>30% (applicable to non-U.S. recipients) - note this may be reduced under an applicable treaty</td>
</tr>
</tbody>
</table>

*Additional taxes, including federal payroll taxes, duties and customs and a variety of other state and local taxes, may apply.*
Chapter Five: Workforce

Michael Sachs, Senior Attorney, Clark Hill
Adam Boland, Member, Clark Hill
Vanessa Kelly, Senior Attorney, Clark Hill
Paul Starkman, Member, Clark Hill
Charles Russman, Senior Counsel, Clark Hill

Source: SelectUSA Investor Guide – Chapter Five
Creating Employment Success

• The Employment Relationship
  • Recruitment, Interviews, Ban the Box Laws, Pre-Hiring Drug Testing, Managing the Workforce

• At-Will Employment

• Use of Employment Agreements

• Compliance
  • Employment Laws; Wage & Hour Laws; Leave of Absence (LOA) Laws; Required Harassment Prevention Training; Posters, Notices and Filings; Work Eligibility; “Right to Work”

• Privacy Laws

• Employee Recourse
Chapter Ten: Site Selection

Gregory C. Burkart, Managing Director and Practice Leader, Kroll
Keith Hopkins, CEO, StageXchange, LLC

Source: SelectUSA Investor Guide – Chapter Ten
Site Selection: Key Variables, Processes, and Technologies

• Site Selection Process
  • Plan
    • Consider corporate strategy, facility purpose, and advice from stakeholders
  • Research
    • Process of elimination using data to narrow a long list to a shorter list with more refined criteria
  • Model Costs
    • Use a discounted cash flow analysis to directly compare potential communities in quantifiable terms
  • Tour Sites
    • Select a preferred site
Chapter Eleven: Economic Development Incentives

David Hickey, Managing Director, HICKEY
Jason Hickey, President and CEO, HICKEY

Source: SelectUSA Investor Guide – Chapter Eleven
An Introduction to Incentives in the United States

• Partners
  • State Governments; Local Governments; Utility Providers; Federal Government

• Types of Economic Development Incentives
  • Corporate Income Tax Incentives; Consumption Tax Incentives; Workforce Tax Incentives; Grants; Infrastructure; Utility and Energy Incentives; Lending and Finance; Job Training; Complex Incentives

• Process to Secure Incentives
  • Research and Model; Economic Development Engagement; Information and Data Disclosure; Negotiation; Legal Documentation
Chapter Thirteen:
U.S. Capital Market Structure

Diana Raedle, President and CEO, Deer Isle Group, LLC

Source: SelectUSA Investor Guide – Chapter Thirteen
Understanding the U.S. Capital Market Structure for Capital Raising Success

- **The U.S. Capital Provider Landscape**
  - The primary investment type, the typical investment range, and additional notes on the different capital provider types

- **Regulations**
  - Bank regulations; Public capital market regulations; Private capital market regulations; Investment Company Act; Crowd Funding/Reg A+; Crypto/Digital Assets

- **How to Ensure the Investment Proposition Matches Capital Provider Goals**

- **Presentation Best Practices**
  - Design and formatting; Vision and path to executable returns; Concrete supporting information; Delivery and meeting dynamics; Regulatory and legal standards
Chapter Fourteen: Partnering with U.S. Research Organizations

Temple University

Source: SelectUSA Investor Guide – Chapter Fourteen
Establishing Partnerships with U.S. Research Organizations

• Universities
  • Types of partnerships, including sponsored research agreements; key opinion leaders; service agreements; licensing; spinout companies
  • Other university programs and resources, such as incubators and small business development centers

• Federal Agencies
  • The Federal Laboratory Consortium for Technology Transfer (FLC) tools, including the FLC Business database and the FLC Technology Locator
  • Collaborate with the National Institute of Health
Financing Your U.S. Launch

• Assistance From Your Home Country and Bi-National Programs
• Introduction to the U.S. Local Investment Community
• U.S. Grants and Loans (local and national)
• Equity-based Accelerators
• Seed Funding by Angel Investors
• Early-Stage Investment Venture Capital
SelectUSA Investment Summit

• The SelectUSA Investment Summit is the highest profile event in the United States dedicated to promoting FDI.

• The Investment Summit is a one-stop shop for companies expanding to the United States and provides EDOs with the opportunity to meet directly with international companies to facilitate investment deals.

• The SelectUSA Investment Summit has directly helped generate over $110 billion in new U.S. investment projects, supporting more than 82,000 jobs across the United States and its territories.
2024 SelectUSA Investment Summit
June 23-26, 2024 at National Harbor, MD
www.selectusasummit.us

Industry Spotlights
EDO Programming
Tailored Workshops
High-Level Speakers
One-on-one Matchmaking
SelectUSA Tech Pitch Sessions
Resources

• SelectUSA Investor Guide: https://www.trade.gov/selectusa-investor-guide

• SelectUSA Online Resources: https://www.trade.gov/selectusa-resources-and-information

• SelectUSA EDO Tools: https://www.trade.gov/selectusa-edo

• CHIPS for America Updates: https://www.nist.gov/chips
Thank You!