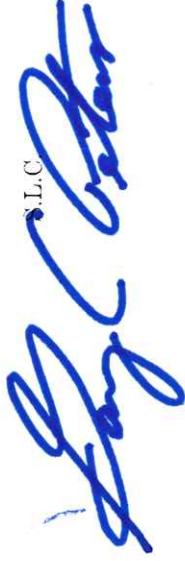


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S.L.C.


AMENDMENT NO. _____ Calendar No. _____

Purpose: To amend the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 with respect to semiconductor incentives of the Department of Commerce.

IN THE SENATE OF THE UNITED STATES—117th Cong., 1st Sess.

S. 1260

To establish a new Directorate for Technology and Innovation in the National Science Foundation, to establish a regional technology hub program, to require a strategy and report on economic security, science, research, innovation, manufacturing, and job creation, to establish a critical supply chain resiliency program, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by

Viz:

- 1 At the appropriate place, insert the following:
- 2 **SEC. ____ . SEMICONDUCTOR INCENTIVES.**
- 3 (a) DEFINITIONS.—Section 9901 of the William M.
- 4 (Mac) Thornberry National Defense Authorization Act for
- 5 Fiscal Year 2021 (Public Law 116–283) is amended—

1 (1) by redesignating paragraphs (4), (5), (6),
2 (7), (8), and (9) as paragraphs (5), (6), (7), (8), (8),
3 (10), and (11), respectively;

4 (2) by inserting after paragraph (3) the fol-
5 lowing:

6 “(4) The term ‘critical manufacturing indus-
7 try’—

8 “(A) means an industry—

9 “(i) that is assigned a North Amer-
10 ican Industry Classification System code
11 beginning with 31, 32, or 33; and

12 “(ii) for which the industry compo-
13 nents that are assigned a North American
14 Industry Classification System code begin-
15 ning with the same 4 digits as the indus-
16 try—

17 “(I) manufacture primary prod-
18 ucts and parts, the sum of which ac-
19 count for not less than 5 percent of
20 the manufacturing value added by in-
21 dustry gross domestic product of the
22 United States; and

23 “(II) employ individuals for pri-
24 mary products and parts manufac-
25 turing activities that, combined, ac-

1 count for not less than 5 percent of
2 manufacturing employment in the
3 United States; and

4 “(B) may include any other manufacturing
5 industry designated by the Secretary based on
6 the relevance of the manufacturing industry to
7 the national and economic security of the
8 United States, including the impacts of job
9 losses.”;

10 (3) by inserting after paragraph (8), as so re-
11 designated, the following:

12 “(9) The term ‘mature technology node’ has the
13 meaning given the term by the Secretary.”.

14 (b) SEMICONDUCTOR PROGRAM.—Section 9902 of
15 the William M. (Mac) Thornberry National Defense Au-
16 thorization Act for Fiscal Year 2021 (Public Law 116-
17 283) is amended—

18 (1) in subsection (a)(2)—

19 (A) in subparagraph (B)(ii)—

20 (i) in subclause (III), by striking
21 “and” at the end;

22 (ii) in subclause (IV), by striking the
23 period at the end and inserting “and”; and

24 (iii) by adding at the end the fol-
25 lowing:

4

1 “(V) determined—

2 “(aa) the type of semicon-
3 ductor technology the covered en-
4 tity will produce at the facility
5 described in clause (i); and

6 “(bb) the customers to
7 which the covered entity plans to
8 sell the semiconductor technology
9 described in item (aa).”;

10 (B) in subparagraph (C)—

11 (i) in clause (i)—

12 (I) in subclause (II), by striking
13 “is in the interest of the United
14 States” and inserting “is in the eco-
15 nomic and national security interests
16 of the United States”; and

17 (II) in subclause (III), by strik-
18 ing “and” at the end;

19 (ii) in clause (ii)(IV), by striking
20 “and” at the end;

21 (iii) by redesignating clause (iii) as
22 clause (iv); and

23 (iv) by inserting after clause (ii) the
24 following:

1 “(iii) the Secretary shall consider the
2 type of semiconductor technology produced
3 by the covered entity and whether that
4 semiconductor technology advances the
5 economic and national security interests of
6 the United States; and”;
7 (C) by redesignating subparagraph (D) as
8 subparagraph (E); and
9 (D) by inserting after subparagraph (C)
10 the following:

11 “(D) PRIORITY.—In awarding Federal fi-
12 nancial assistance to covered entities under sub-
13 section (a), the Secretary shall give priority to
14 ensuring that a covered entity receiving finan-
15 cial assistance will—

16 “(i) manufacture semiconductors nec-
17 essary to address gaps and vulnerabilities
18 in the domestic supply chain across a di-
19 verse range of technology and process
20 nodes; and

21 “(ii) provide a secure supply of semi-
22 conductors necessary for the national secu-
23 rity, manufacturing, critical infrastructure,
24 and technology leadership of the United

1 States and other essential elements of the
2 economy of the United States.”; and

3 (2) by adding at the end the following:

4 “(d) SENSE OF CONGRESS.—It is the sense of Con-
5 gress that, in carrying out subsection (a), the Secretary
6 should allocate funds in a manner that—

7 “(1) strengthens the security and resilience of
8 the semiconductor supply chain, including by miti-
9 gating gaps and vulnerabilities;

10 “(2) provides a supply of secure semiconductors
11 relevant for national security;

12 “(3) strengthens the leadership of the United
13 States in semiconductor technology;

14 “(4) grows the economy of the United States
15 and supports job creation in the United States; and

16 “(5) improves the resiliency of the semicon-
17 ductor supply chains of critical manufacturing in-
18 dustries.

19 “(e) ADDITIONAL ASSISTANCE FOR MATURE TECH-
20 NOLOGY NODES.—

21 “(1) IN GENERAL.—The Secretary shall estab-
22 lish within the program established under subsection

23 (a) an additional program that provides Federal fi-
24 nancial assistance to covered entities to incentivize
25 investment in facilities and equipment in the United

1 States for the fabrication, assembly, testing, or ad-
2 vanced packaging of semiconductors at mature tech-
3 nology nodes.

4 “(2) ELIGIBILITY AND REQUIREMENTS.—In
5 order for an entity to qualify to receive Federal fi-
6 nancial assistance under this subsection, the covered
7 entity shall—

8 “(A) submit an application under sub-
9 section (a)(2)(A);

10 “(B) meet the eligibility requirements
11 under subsection (a)(2)(B);

12 “(C)(i) provide equipment or materials for
13 the fabrication, assembly, testing, or advanced
14 packaging of semiconductors at mature tech-
15 nology nodes in the United States; or

16 “(ii) fabricate, assemble using advanced
17 packaging, or test semiconductors at mature
18 technology nodes in the United States;

19 “(D) commit to using any Federal finan-
20 cial assistance received under this section to in-
21 crease the production of semiconductors at ma-
22 ture technology nodes; and

23 “(E) be subject to the considerations de-
24 scribed in subsection (a)(2)(C).

1 “(3) PROCEDURES.—In granting Federal finan-
2 cial assistance to covered entities under this sub-
3 section, the Secretary may use the procedures estab-
4 lished under subsection (a).

5 “(4) CONSIDERATIONS.—In addition to the con-
6 siderations described in subsection (a)(2)(C), in
7 granting Federal financial assistance under this sec-
8 tion, the Secretary may consider whether a covered
9 entity produces or supplies equipment or materials
10 used in the fabrication, assembly, testing, or ad-
11 vanced packaging of semiconductors at mature tech-
12 nology nodes that are necessary to support a critical
13 manufacturing industry.

14 “(5) PRIORITY.—In awarding Federal financial
15 assistance to covered entities under this subsection,
16 the Secretary shall give priority to covered entities
17 that support the resiliency of semiconductor supply
18 chains for critical manufacturing industries in the
19 United States.

20 “(6) AUTHORIZATION OF APPROPRIATIONS.—
21 There are authorized to be appropriated to the Sec-
22 retary to carry out this subsection \$2,000,000,000,
23 which shall remain available until expended.

24 “(f) CONSTRUCTION PROJECTS.—Section 602 of the
25 Public Works and Economic Development Act of 1965 (42

1 U.S.C. 3212) shall apply to a construction project that
2 receives financial assistance from the Secretary under this
3 section.”.

4 (c) ADVANCED MICROELECTRONICS RESEARCH AND
5 DEVELOPMENT.—Section 9906 of the William M. (Mac)
6 Thornberry National Defense Authorization Act for Fiscal
7 Year 2021 (Public Law 116–283) is amended by adding
8 at the end the following:

9 “(h) INFRASTRUCTURE GRANTS.—Section 602 of the
10 Public Works and Economic Development Act of 1965 (42
11 U.S.C. 3212) shall apply to a construction project that
12 receives financial assistance from the Secretary under this
13 section.”.