

# United States Senate

WASHINGTON, DC 20510

November 10, 2022

The Honorable Gina M. Raimondo  
Secretary of Commerce  
1401 Constitution Ave NW  
Washington, DC 20230

The Honorable Janet Yellen  
Secretary of the Treasury  
1500 Pennsylvania Ave NW  
Washington, DC 20220

Dear Secretary Raimondo and Secretary Yellen,

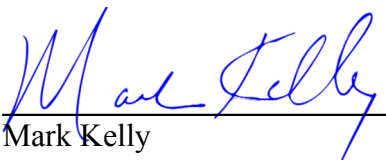
The *Chips and Science Act* (H.R. 4346) will make important contributions toward incentivizing both public and private investment in the domestic semiconductor fabrication industry, strengthening America's national security capabilities and independence, as well as bolstering American manufacturing and creating jobs.


As you know, the semiconductor manufacturing process does not take place in just one location or one assembly line. It is instead a chain of production activities, each building upon the activities of those immediately upstream, and supplying those immediately downstream. As such, it is important that the Department of Commerce and the Department of the Treasury take a fulsome view of the semiconductor production and essential value chain when making grant awards and developing implementation guidance for tax credits. While the chip fabrication facilities themselves involve significant capital investment, and should be the priority for these incentive programs, critical production activities upstream and downstream of the actual point of fabrication must also be considered.


Congress recognized the need to support upstream and downstream suppliers, by including language in the *CHIPS and Science Act* to clarify that "equipment" and "materials" used to manufacture semiconductors are eligible for incentive programs. It has been the intent of Congress that activities such as the manufacture of tools, wafers, photomasks, specialty chemical, substrates for advanced packaging, and other critical parts of the production chain are eligible for consideration both for grants and tax benefits. To use a narrow reading of the text to exclude a critical activity in the production chain would be to create supply bottlenecks and potentially significant delays in producing the semiconductor device. Increased capacity in one part of the chain needs to be matched to the extent necessary in each critical part, especially where significant capital investment is required to achieve that capacity.

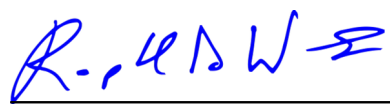
The *CHIPS and Science Act* is an historic investment in the domestic semiconductor and American manufacturing industry for generations to come. Now that this critical legislation is signed into law, the implementation and priorities established under this law are imperative to ensure its success. We look forward to supporting your efforts to do so.


Sincerely,

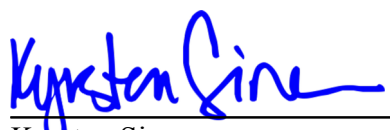
  
Mark Kelly  
United States Senator

  
Gary C. Peters  
United States Senator

  
Jon Tester  
United States Senator

  
Raphael Warnock  
United States Senator

  
Kirsten Gillibrand  
United States Senator

  
Kyrsten Sinema  
United States Senator

cc. IRS Commissioner Charles Rettig