



Excess CHIPS: GOP senators say Biden pushing unrelated agenda in semiconductor law

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Companies will soon be able to bid on billions of government dollars intended to boost American semiconductor manufacturing, but the Biden administration will make them jump through a lot of hoops to land them.

Any firm hoping to get some of the \$39 billion on offer will need to provide child care, detail its relationships with unions, share profits beyond a certain threshold with the government, and purchase supplies from domestic producers, among other things.

Team Biden announced these provisions in late February, angering Republican senators whose votes made passage of the CHIPS and Science Act possible.

"We are in strong opposition to regulations your Department is putting in place that will use this legislation and the funding it provides as a tool to pursue controversial policies that go beyond the requirements of the law and reduce American jobs and high-tech investments in the process," a quartet of GOP senators wrote to Commerce Secretary Gina Raimondo. "Among these were several costly mandates that represent significant federal intervention in the private sector and fly in the face of the congressional intent of this legislation."

Raimondo has been open about her intentions to go beyond what Congress intended, telling aides, "If Congress wasn't going to do what they should have done, we're going to do it in implementation."

But that's not what Congress voted for, critics say. Worse, by adding costs and red tape, the restrictions undercut the bill's primary purpose of making American computer chip manufacturing more competitive.

"Taxpayers are really getting a raw deal," Scott Lincicome, the director of general economics at the libertarian-leaning Cato Institute, previously told the *Washington Examiner*. "To the extent that taxpayers support chip subsidies, it's because they want semiconductors. They're not doing it because they want child care."

The government will begin accepting applications later this month, though it's unknown when awards will actually be given.

The \$280 billion CHIPS and Science Act passed the Senate by a vote of 64-33, with 17 Republicans putting it across the filibuster threshold. Some may now have buyer's remorse.

"We urge you to immediately remove these and any other impositions on this critical funding which threaten the expansion of America's semiconductor manufacturing capacity and job creation in our country," reads the letter from Sens. Steve Daines (R-MT), Thom Tillis (R-NC), Bill Cassidy (R-LA), and John Cornyn (R-LA), all of whom voted yea.

The Commerce Department did not respond to a request for comment from the *Washington Examiner*.

President Joe Biden sold the bill last year as a way to compete with China and boost manufacturing in the electorally important Midwest. Weeks after signing the bill, Biden traveled to Licking County, Ohio, to celebrate the opening of a \$20 billion Intel semiconductor manufacturing plant. He promised the act would help bury the "Rust Belt" label

All of that is undermined by the requirements rolled out since, argues American Action Forum President Douglas Holtz-Eakin.

"The idea was to have semiconductor manufacturing in the U.S.," Holtz-Eakin said. "It wasn't to promote unionism or create child care, and it certainly wasn't to create profit sharing with the federal government. This is classic bureaucratic overreach that has nothing to do with the problem for which this legislation was aimed."

There is also some evidence that the chip shortage the bill was intended to ease is also abating.

Nonetheless, *Politico* reported last week that a wide range of companies have hired lobbyists to try to get a piece of the billions on offer, including labor unions, social media company Snap, heating and air conditioning firms, and FedEx.

The Biden administration could be setting itself up for yet another courtroom showdown with its after-the-fact actions, Holtz-Eakin argues, joining litigation the White House has faced on COVID-19 mask and vaccine mandates, Title 42, evictions, and student loans.

"There is no disciplined thinking [in the administration]," Holtz-Eakin said. "They try to do everything with everything, and as a result, they accomplish much less."