



The 250 Billion U.S. Innovation and Competition Act Could Help Your Business

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There is opportunity here for companies in semiconductors, artificial intelligence, and quantum computing.

On June 7, the U.S. Senate passed the U.S. Innovation and Competition Act (Usica) -- a \$250 billion bill that hopes to counter China's ascendancy in a range of technologies. Usica could be considered by the House in the next several weeks, according to CNBC.

The funds from this legislation would help finance research into a range of technologies where the U.S. perceives it is losing ground to China. These include semiconductor manufacturing, artificial intelligence research, robotics, and quantum computing, according to *The New York Times*.

Why Usica Is Important Now

Usica was passed by the Senate at a time when federal R&D is at historically low levels.

Federal R&D spending in the past several years has declined to the low it reached in the 1960s when the space race began. U.S. federal spending on R&D is less than 1 percent of GDP and accounts for under 3 percent of total government spending.

Meanwhile, the U.S. share of global semiconductor manufacturing has dropped from 37 percent in 1990 to 12 percent in 2021 -- the lowest level since the space race in the 1960s.

Government leaders seek to reverse these trends. "We are in a competition to win the 21st century, and the starting gun has gone off. We cannot risk falling behind," President Biden declared. Secretary of Commerce Gina Raimondo said the funding could result in seven to 10 new U.S. semiconductor plants, noted Seeking Alpha.

What Usica Does

Usica works through two organizations within the federal government to support U.S. innovation.

Specifically, the so-called Endless Frontier part of the legislation "overhauls the National Science Foundation (NSF), appropriates tens of billions for the NSF between fiscal 2022 and 2026, and establishes a Directorate for Technology and Innovation," according to CNBC.

The Department of Commerce will manage a grant program funded by the legislation that would match financial incentives offered by states and local governments. These funds would be provided to chip manufacturers to be used for semiconductor research, design, and manufacturing initiatives.

Most of the funding provided by the bill will be managed by the NSF with the remainder under the auspices of the Commerce Department. According to Seeking Alpha, the NSF will direct about \$190 billion to U.S. researchers doing "cutting-edge science and artificial intelligence."

Commerce will invest \$54 billion aimed at increasing U.S. production and research into semiconductors and telecom equipment, as well as design and manufacturing initiatives. It will also receive \$10 billion in funding for the matching grant program described above.

What Usica Means for Your Business

If Usica is passed by the House and Biden signs it into law, your business could benefit.

At the moment, the bill will clearly benefit large businesses such as Micron Technology and Texas Instruments. The *Times* reported that the "allocation of funds to specific companies will not be decided by the administration until after Congress approves the bill."

Clearly, Usica will spur a competition for these funds. Scott Lincicome, a senior fellow at the libertarian Cato Institute, told the *Times* that large company lobbyists are surely "going to exploit it. This is a very good time to be seeking subsidies for any industry in the technology space."

If your company is involved in any of the industries that will benefit from Usica, consider hiring a lobbyist to help you get your share of Usica's billions.