

SEMICONDUCTOR INDUSTRY

INFORMATION MEMO

OCTOBER 25, 2023

U.S. Department of Commerce Issues Expanded Notice of Funding Opportunity Under the CHIPS Act

On Sept. 29, 2023, the U.S. Department of Commerce announced a second Notice of Funding Opportunity (NOFO) under its CHIPS and Science Act. This opportunity builds upon the previous announcement made in June of 2023 and increases applicant eligibility to include smaller facility projects.

This second NOFO is open to projects with capital investments under \$300 million that involve the construction, expansion or modernization of commercial facilities in the U.S. for semiconductor materials and manufacturing equipment. While smaller facility projects are encouraged to apply, projects that are unlikely to have the scale needed to contribute to the program objectives may not be chosen, such as projects with capital investments that fall below \$20 million.

Under this NOFO, the Department of Commerce is particularly interested in applications by consortiums that advance semiconductor clusters by closing critical gaps in the U.S. supply chain. Clusters are defined as “a geographically compact area with multiple commercial-scale fabs owned and operated by one or more companies; a large, diverse, and skilled workforce; nearby suppliers to the semiconductor industry; R&D facilities; utilities; and specialized infrastructure, such as chemical processing and water treatment facilities.” Although consortiums are strongly encouraged for cluster-focused applications, the Department of Commerce still intends to support standalone projects that demonstrate their ability to meaningfully strengthen supply chain resilience, advance U.S. technology leadership in semiconductor materials and manufacturing equipment, and support semiconductor clusters.

To apply, interested applicants must [submit a concept plan](#) between Dec. 1, 2023, and Feb. 1, 2024, that outlines how their proposed project will address the core program priorities, such as economic and national security objectives, commercial viability, financial strength, project technical feasibility and readiness, and workforce and community investment. The most promising applicants will then be contacted by the Department of Commerce and given the opportunity to submit a full application. Deadlines to submit the full application will be communicated to the chosen applicants.

While the amount of funding awarded will vary by project, the Department of Commerce estimates that most funding awards will equal 10% of the project capital expenditure, with 20-30% being awarded in compelling cases.

Semiconductor materials and manufacturing equipment facilities whose capital investment equals or exceeds \$300 million may apply under the first NOFO that was announced in February and amended in June.

The Department of Commerce expects to release an additional (third) funding opportunity for research and development facilities at a later date.

If you have any questions about the information presented in this memo, please contact [Robert H. Kirchner](#), [Jared A. Joyce](#), any attorney in Bond's [semiconductor industry practice](#) or the Bond attorney with whom you are regularly in contact.

**Special thanks to Associate Trainee Cecily Capo for her assistance in the preparation of this memo. Cecily is not yet admitted to practice law.*

