

## STATEMENT OF PURPOSE

### RS29610C1 / H0678

For U.S. national security, supply chain protection, and economic prosperity, it is critical to expand domestic semiconductor fabrication, assembly, testing, advanced packaging, and research and development. Idaho is uniquely poised to accelerate the growth of the semiconductor industry, mitigate national security and supply chain risks, increase economic competitiveness, and protect intellectual property. With Federal investments like the CHIPS for America (CHIPS) Act, and the Facilitating American-Built Semiconductors Act, the government is competing with foreign countries by securing domestic supply chains and by bringing American semiconductor manufacturing jobs back to the United States. The Idaho Semiconductors for America Act (Idaho Act) provides a tax relief incentive for U.S. sponsored semiconductor expansions in Idaho. The Idaho Act exempts sales tax on the purchase or use of construction and building materials to construct, expand, or modernize a semiconductor facility in Idaho. To qualify for the exemption, a semiconductor company must also qualify for new federal incentives for the expansion of domestic fabrication, assembly, testing, advanced packaging, or research and development. All requests by semiconductor companies for incentives would be submitted to the Idaho Department of Commerce and reviewed for approval by the Idaho Economic Advisory Council. All approved incentives will be governed by detailed agreements between the state and incented companies.

### FISCAL NOTE

This bill will incur no cost to the general fund to initiate. When law, the Idaho Department of Commerce estimates there may be three qualifying projects of varying size, including a small, medium, and large expansion as listed below in the table. According to the Semiconductor Industry Association, the wage impact of the semiconductor industry in Idaho is \$4.5 billion each year. With the additional 1694 new jobs created by enacting this legislation, the wage impact in Idaho could exceed \$620 million per year if multiple expansions occur. This legislation is critical to maintain Idaho's competitiveness. Without it, Idaho is disadvantaged and could lose out on \$620 million in wages impact each year. The total cost to the general fund would be approximately \$18.4 million each year during the construction phase. After the initial construction phase and all hiring targets are met, the annual wage impact in Idaho for the completed projects could exceed \$620 million every year with no additional cost to the state general fund in Idaho.

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**DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).**