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The CHIPS Act Challenge for State and Local Governments.

The federal government has a powerful policy vision for the development of a vibrant U.S. semiconductor industry. How those visions play out is of intense interest.

As an innovative and unusual foray into industrial policy, the $50 billion-plus bipartisan CHIPS and Science Act has been heralded as key to the U.S. in regaining technological leadership, bolstering national security, solving ongoing supply issue problems, and sparking innovation and research. It's all in an effort to revitalize an industry that has "fallen out of balance," in the words of U.S. Secretary of Commerce Gina Raimondo. As she recently pointed out, "In 1990, the U.S. accounted for 37% of global chip manufacturing capacity. Today, that number is only 12%."

For state and local governments, this is a huge economic development opportunity. The CHIPS bill, New York Gov. Kathy Hochul said in a statement, "will help New York create 21st century jobs and technologies and become a global capital for chip manufacturing."

Economic development hunger is hardly new and the CHIPS Act has sparked tremendous state and local excitement. The federal government's dramatic push for development is an alluring extra. "There's always significant interest in getting companies to come to the state, but now there's a federal lollipop on top," says one CHIPS Act researcher who has carefully studied the department's Notice of Funding Opportunity (NOFO) that was released at the end of February.

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Route Fifty

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