



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GRETCHEN WHITMER
GOVERNOR

GARLIN GILCHRIST II
LT. GOVERNOR

November 20, 2023

The Honorable Joe Biden
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

Michigan makes the world's best automobiles, vaccines, and furniture. Another sector where we lead is semiconductors. That is why we were thrilled by bipartisan passage of your CHIPS and Science Act of 2022 ("CHIPS Act"), which would spur domestic semiconductor manufacturing. When you signed the bill into law, you specifically praised Michigan's Hemlock Semiconductor in your remarks. A week prior, Hemlock hosted you virtually at an event where I signed an executive directive preparing Michigan to bring home as many resources from the CHIPS Act as possible.

We were—and continue to be—fired up about the CHIPS Act. It has the potential to support cutting-edge Michigan manufacturing, bring billions of dollars home to our state, and create thousands of good-paying jobs up and down the supply chain for workers with PhDs and those without degrees, too.

I write to you today, however, because we have serious concerns about implementation of the law, which could leave Michigan companies—including Hemlock—out of future investments from the CHIPS Act. A restrictive definition for "semiconductor manufacturing" was issued by the Commerce Department earlier this year. If adopted by the Treasury Department in its forthcoming guidance impacting eligibility and access to the Advanced Manufacturing Investment Credit, Michigan, and companies like Hemlock, will be left behind.

That is not right.

The good news is that there is still time. As the Treasury Department considers how to implement the tax provisions, they must ensure that the CHIPS Act's resources can be invested up and down the chip supply chain, including in companies like Hemlock. Michigan's economy, the lives and livelihoods of thousands of workers, and the future of the domestic semiconductor supply chain depends on it.

We are doing our part in Michigan to make more chips right here in America.

KLA, a global semiconductor manufacturer, opened their headquarters in Ann Arbor, creating 500 jobs. The company also partnered with technology innovation hub imec to establish a global semiconductor center of excellence in Michigan. California-based indie Semiconductor announced an expansion at their Auburn Hills, Michigan, semiconductor design and testing facility. SK Siltron, a South Korean semiconductor wafer maker, opened a \$300 million facility in Bay City, creating 150 jobs.

Our leadership in this space is also home grown. Hemlock Semiconductor is one of the largest producers of hyper-pure polysilicon, and of these just six producers worldwide, is the only one headquartered in America.



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Their polysilicon can now be found in nearly every single electronic device in the world. We have a saying in Michigan—you are never more than 85 miles from a Great Lake. A similar rule applies here—you are never more than 8.5 feet from Michigan-made Hemlock polysilicon.

Hemlock's polysilicon is foundational to making nearly every single chip in the world. Do not take my word for it. Take yours.

After the event you joined virtually with me last summer at Hemlock's headquarters, you tweeted, "*Did you know one-third of all the chips in the world use the polysilicon made in the great town of Hemlock, Michigan? Imagine if we had more of those kinds of factories across the country. The CHIPS and Science Law will make that a reality.*"¹ A week later at your signing ceremony for the CHIPS Act you stated, "*This law funds the entire semiconductor supply chain: for research and development, to key inputs like polysilicon manufactured by a factory in Hemlock.*"²

I agree, Mr. President.

Our nation invented the semiconductor, but now, we only make 12% of the world's supply. We must build a powerful American ecosystem of semiconductor manufacturing—top to bottom—or risk losing to China. In Michigan, we know the consequences of outsourcing supply chains and manufacturing, especially chips. Our automakers had to buy up extra lots for unfinished vehicles over the last few years as they waited for overseas chip shipments. It bottlenecked factories and jacked up costs for families at the dealership. We felt it.

Thanks to the CHIPS and Science Act of 2022 and your leadership, we have a fighting chance to build a brighter future, but we cannot get there unless we invest in every part of the semiconductor supply chain. We cannot pick and choose what part of the supply chain to invest in. Instead, let us build the future that we all want—one where America leads. Let's get it done.

Sincerely,

A handwritten signature in blue ink that reads "Gretchen Whitmer".

Gretchen Whitmer
Governor of Michigan

cc: The Honorable Janet Yellen, Secretary of the Treasury
The Honorable Gina Raimondo, Secretary of Commerce
Mr. Michael Schmidt, Director of the CHIPS Program Office

¹ <https://twitter.com/POTUS/status/1557338449195180032>

² [Remarks by President Biden at Signing of H.R. 4346, "The CHIPS and Science Act of 2022"](#)