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TECHNOLOGY

CHIPS Act's \$500M Tech Hubs program has launched. Here's who is eligible.



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The Commerce Department's Economic Development Administration has launched its \$500 million Tech Hubs grant program – and it's looking for applicants.

The Tech Hubs program, [part of the CHIPS Act passed by Congress in 2022](#), aims to identify potential tech hubs around the country outside of the typical tech epicenters such as Silicon Valley, Boston and New York and provide the funding they need to grow.

The official notice of funding opportunity is the first step in that process.

Applications are due by Aug. 15, 2023. [Groups can apply here.](#)

The program could provide a significant infusion of money for emerging innovation ecosystems around the nation – many of which are rolling out strategies to capitalize on opportunities created by the CHIPS Act.

The basics on the CHIPS Act's Tech Hubs program

U.S. Secretary of Commerce [Gina Raimondo](#) said in a statement the Tech Hubs program will create ecosystems of innovation to strengthen economic opportunity in communities around the country that have historically been overlooked.

“We’re going to do that by supercharging our existing innovation foundations, bringing together our premier research institutions with world class companies to create good-paying jobs in these communities, and ensuring the technological advances that define the next century are made in communities across America,” Raimondo said.

The key is to identify areas that can, with some help, become globally competitive in a next-generation technology, said Deputy Secretary of Commerce [Don Graves](#), in an interview with *The Playbook*. That could be biotech, quantum technology, artificial intelligence, robotics or others, he noted.

Out of the first round of applications, the Commerce Department will winnow down the group to around 20 or more, and the funding that each group eventually gets will depend on their vision and the path they lay out to becoming globally competitive.

He stressed the ability to leverage the government money with philanthropic groups or other entities would help stretch the grant money and give it more impact. Those that don't get picked can hopefully use the plans they have created to solicit state or other dollars to help kickstart that process, **Graves** said.

“Part of this depends on what the actual applications look like. Every application is going to be different. Some of them may have much broader visions. Others may have specific areas they focus on,” **Graves** said. “Depending on what those applications look like, we will tailor the grant to the needs of the applications.”

That means the Phase 1 grants are both for designations of “tech hubs” and, if the group needs it, for strategy developing grant funding. The consortium that applies does not need to have a formal legal structure, although the agency expects them to be actively collaborating on the application.

There also needs to be a lead member of the consortium that commits to be the principal applicant for the grant and whose duties will grow if the group receives federal funding.

The full application guidelines [can be found here](#).

But this grant program is just one of several contained within the CHIPS Act, which aimed to boost American manufacturing and innovation. That includes tax credits as well as specific programs for semiconductor production. [It also includes a \\$1](#)

billion “Recompete Pilot Program” to “target long-term comprehensive economic development and job creation in selected areas by supporting workforce development, business development, and infrastructure activities.”

Essentially, areas previously left out of economic growth can apply.

Small-business loan options, grants and tax credits

There are also still loan programs and tax credits small businesses might be unaware of.

- The USDA Business and Industry Loan Guarantee Program, part of an umbrella loan program offered by the USDA under its OneRD Guarantee Loan Initiative, offers loan guarantees of up to 80% on everything from purchasing a building, modernizing equipment, working capital or acquiring a company. It also only applies to eligible areas – essentially rural areas not in cities or towns of more than 50,000 – although businesses based in larger cities are eligible as long as the project is in a rural area.
- The Inflation Reduction Act includes a tax credit for qualifying electric vehicles of up to \$7,500 for vehicles weighing less than 14,000 pounds, and up to \$40,000 for vehicles that weigh more than that, subject to certain limitations. The credit is slated to last until the end of 2032, according to the legislation.
- The act also doubled the research and development tax credit from \$250,000 to \$500,000. The tax credit is refundable and applied against payroll taxes and includes expenditures for a wide variety of expenses, including the improvement or development of products, processes, techniques or even software.

Here are some other [tax credits small businesses might want to take a closer look at](#).

[Amazon.com Inc. and eBay are among companies that are offering small business grants you can apply for right now.](#)

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