

U.S. Sen. Baldwin: Calls on Biden Administration to prevent CHIPS funds from being used to subsidize corporate stock buybacks

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WASHINGTON, D.C. – U.S. Senator Tammy Baldwin (D-WI) sent a bicameral [letter](#) to Michael Schmidt, Director of the CHIPS Program Office at the U.S. Department of Commerce (Commerce), calling on Commerce to use its full authority to prevent funds from the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act of 2022 from being used to directly or indirectly subsidize corporate stock buybacks.

“Secretary Raimondo assured the public that the Department of Commerce intends to be vigilant and aggressive in protecting taxpayers’ and that it would ‘look after every nickel of taxpayer money.’ Meeting this commitment and realizing the economic and national security objectives of the CHIPS Act will require the Department to use its authority to ensure that CHIPS funds are not used to subsidize stock buybacks and shareholder distributions, whether directly or indirectly,” **wrote the lawmakers.**

The letter notes that America’s largest semiconductor companies have spent hundreds of billions on stock buybacks in recent years. Five of the largest semiconductor companies (Intel, IBM, Qualcomm, Texas Instruments and Broadcom) spent nearly \$250 billion, or 71% of their net income, on buybacks between 2011 and 2020. Buybacks by CHIPS recipients threaten to undermine the critical economic and national security goals of the CHIPS Act and enrich corporate executives and shareholders at taxpayers’ expense.

The lawmakers urge the CHIPS Program Office to consider the following provisions when finalizing its Notice of Funding Opportunity and implementing the CHIPS program:

- Ensure CHIPS fund recipients do not engage in stock buybacks.
- Restrict CHIPS awardees from engaging in stock buybacks for at least 10 years.
- Implement additional restrictions on buybacks.
- Require CHIPS awardees to certify that they will not conduct stock buybacks by checking a box on the application form.
- Ensure Commerce uses all its tools against firms that misuse taxpayer dollars.

In addition to Senator Baldwin, the letter was also signed by Senators Elizabeth Warren (D-MA), Bernie Sanders (I-VT), and Ed Markey (D-MA) and Representatives Sean Casten (D-IL), Bill Foster (D-IL), Pramila Jayapal (D-WA), and Jamaal Bowman (D-NY).

Full text of the letter is available [here](#).

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