ECONOMIC DEVELOPMENT

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BUILDING REGIONAL TECHNOLOGY & INNOVATION HUBS

Business Nexus

Across the globe, the technology economy is concentrated in a relatively small number of metropolitan regions: Silicon Valley, Beijing, Berlin, Seoul, and Tel Aviv. While there are benefits to concentration, such as access to funding and talent, infrastructure support, and greater innovation through collaboration, there are also growing risks, opportunity costs and vulnerabilities that have been exposed. Disaster fueled disruption to national security, the supply chain, and the economy are harder to mitigate when resources are so highly concentrated. Unequal access to the technology economy is also resulting in deepening digital divides shaped by region, race, language, ability, gender, and other systemic factors that leads to social unrest.

So it is more critical than ever that we provide resources and develop pathways for regions across the country outside of established hubs to contribute to the American leadership position in the emerging technology development that is required to address global challenges like climate change. And it is equally important to ensure that these regions benefit from the growing innovation economy.

The Greater Sacramento region is a diverse and developing innovation hub that has made strides in fostering tradable sector-based innovation, venture building, and workforce development through long-term planning efforts like the Regional Prosperity Strategy.

However, significant investment in key areas will be required for the Sacramento region to grow and compete nationally and globally, in particular:

- Building of critical physical infrastructure like advanced manufacturing and wet lab facilities,
- Coordination of effective cross-sector networks that tighten collaboration between universities, industry, the venture community, non-profits, and government,
- Scaling of high skilled workforce development initiatives.

The recently passed CHIPS Act is advancing what could become the largest research, technology commercialization, and production bill in at least a generation with a focus on supporting the US leadership position in key emerging technologies and investing in regional economic development planning through public-private partnerships to diffuse resources and expand opportunity throughout the country. Our requests are focused on aligning this funding with our current regional initiatives that are directly related to the stated goals of the legislation.

Requested Actions

NSF Regional Innovation Engines
Champion Five Regional Innovation Engine type-1 ($1M opportunity) and type-2 ($160M opportunity) proposals tied directly or indirectly to the Greater Sacramento region have been submitted to the National Science Foundation.

Semiconductor subsidies and ecosystem investments
CHIPS and Science Act grants, loans, and loan guarantees will be deployed to leverage state and local match and to build out semiconductor ecosystems. The Greater Sacramento Economic Council (GSEC) and partners are supporting the growth of new and existing companies and the ecosystem to build out the region's industry leadership in flash NAND memory research and development.

We will champion proposals for projects and programs to support the ecosystem's buildout.

Regional Technology Hub proposal
We must invest in growth of regional innovation ecosystems in historically underserved geographies like Sacramento with a focus on partnerships and programs that develop diverse pipelines of innovative talent and connect them to the resources and training needed to participate in Advanced Technology, Basic Research, and Commercialization activities.

The Greater Sacramento region's economy is distinct in the Northern California megaregion – it is less innovation-driven and instead dependent on government. Greater Sacramento, with a

population of more than 2.6 million, is an opportunity for the Regional Technology Hub program, which has a goal to diffuse innovation economy, to have significant impact in one of the country's most diverse regions. GSEC and partners will be developing a proposal to the Department of Commerce for consideration.

Clean energy technologies subsidies and tax credits for economic development projects

The Inflation Reduction Act's investments in advancing and deploying clean energy technologies, particularly for manufacturing, align with the region's future mobility focus and technology base in zero-emission vehicles, clean tech, and semiconductors. GSEC and partners will be supporting economic development projects in the public and private sectors.

- Reduce cost pressures associated with developing new infrastructures and supply chains: Provide to the private sector a combination of tax credits (particularly including refundable tax credits, which are essential for start-ups and pre-revenue companies), subsidies and direct funding provided for research and development into new technologies aimed at reducing the cost of producing green energy while also improving its efficiency and reliability and the development of infrastructure systems necessary to eliminate gaps in regional and national circular supply chains.

- Reduce policy uncertainty, particularly for investment in green technologies: Introduce long-term policies that provide clarity on what incentives will be available for businesses switching over from fossil fuels; Provide reassurance that these policies will not be altered without sufficient notice; and, Provide targeted incentives for investors/VC in the green energy space, such as tax credits.

Support education initiatives

- Invest in training programs targeted towards engineers so they gain necessary skills required for developing newer technologies, particularly focused on retaining and training regional talent; and,

- Provide financial assistance for small or innovative businesses wishing to set up or expand operations related with renewable energies, who are committed to hiring these newly trained employees.

Brief Background

Communities and leaders in the six-county Greater Sacramento Region adopted the Greater Sacramento Region Prosperity Strategy in 2020, which serves as the region's five-year Comprehensive Economic Development Strategy (CEDS) funded by and approved by the United States Economic Development Administration (EDA). The Prosperity Strategy has an inclusive economic development framework and is managed in partnership between the Sacramento

Metropolitan Chamber of Commerce, Valley Vision, GSEC, Sacramento Area Council of Governments, and the Sacramento Asian Pacific Chamber of Commerce, with support from the Sacramento Municipal Utility District. EDA is investing in cluster initiatives in the region and the implementation of the Prosperity Strategy for economic recovery and resilience. The Strategy contains several cluster-based initiatives as we as foundational initiative in areas such as demand-driven workforce development, infrastructure, broadband, digital skills, and the innovation ecosystem.

The Prosperity Strategy focuses on the following cluster strategies relevant to the goals of the CHIPS & Science Act and other federal economic development and innovation initiatives (such as the Infrastructure Investment and Jobs Act (IIJA), Inflation Reduction Act (IRA), CHIPS and Science Act (CHIPS), etc.), namely:

Prosperity Strategy cluster strategies	Alignment with Federal Initiatives
Global leadership for firms, entrepreneurs, workforce in: • Food • Life Sciences • Future Mobility	• NSF Regional Innovation Engines • Regional Technology Hubs (CHIPS) • Semiconductor subsidies (CHIPS) • Regional Clean Hydrogen Hubs (IIJA)
Target infrastructure investment to support economic clusters and market drivers	• Regional Technology Hubs (CHIPS) • Semiconductor and related subsidies and applied research consortia (CHIPS) • Advancing clean energy technologies subsidies, tax credits, and programs (IRA)
Expand demand-driven, sector-based workforce development aligned to key clusters and a more inclusive workforce, prepared for the future	• NSF Regional Innovation Engines • Regional Technology Hubs • Workforce development ecosystem buildout and funding for semiconductors (CHIPS)