

# Accelerating Strategic Place-Based Investments

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## SUMMARY

Congress has made a down payment of nearly \$1 billion toward place-based innovation programs since 2021 through four programs:

- The Department of Commerce's Regional Technology and Innovation Hubs, which aim to seed globally competitive hubs across a range of emerging technologies;
- The National Science Foundation's Engines program, which seeks to build R&D clusters in parts of the country that are not home to cutting-edge scientific research;
- The Small Business Administration's Regional Innovation Clusters, which support accelerators, incubators, and technical assistance for startups in 10 geographic regions; and
- The Department of Defense's Microelectronic Commons Hubs, which seeks to expand manufacturing capacity and talent pipelines in the semiconductor industry across the country.

Such investments recognize the role federal investments in R&D and commercialization ecosystems have historically played in reinforcing American industrial might, and have focused on “hubs” and “clusters.” Clusters refer to tight concentrations of specialized talent and firms vital to spurring innovation. Hubs are typically centered around economic development organizations (often nonprofits) that make workforce development investments, provide mentorship and technical assistance to startup founders, and run testbeds for companies to experiment with low-volume production of new technologies.

But awards through the Tech Hubs, Engines, and other such programs are a first step. The ultimate goal of these investments is to seed self-sustaining agglomerations of profitable firms in industries that matter for US national and economic security, such as semiconductors, critical minerals, biotech, and energy production. Yet firms participating in these programs enjoy no regulatory relief alongside federal awards. “Hub” designations indicate that Congress and the administration view the success of such projects as critical. While there is value in convening regional stakeholders through clustering policies, designations themselves do not solve practical problems for associated firms or founders trying to build.

Congress and the administration should pursue broad deregulation over the next few years to make American industry more competitive, including deep overhauls of environmental and permitting laws like the National Environmental Policy Act. In the meantime, the president should establish a new task force with a mission to accelerate permitting and regulatory waivers for firms participating in critical place-based consortia. The task force should work to the maximum extent allowable under the law to accelerate tech hubs’ progress as they begin to mature into full industrial ecosystems.

## PROBLEM

Agglomeration effects—the productivity benefits from highly specialized workers and firms being in close proximity to each other—are an important driver of American innovation. “Superstar cities” such as San Francisco and New York generate a disproportionate share of the country’s most promising startups, even as they fall short in other areas of governance, because they forge dense networks of talent and expertise.

An American industrial strategy should carefully foster such clusters to compete with China in key technologies. Place-based investments in the CHIPS and Science Act have seeded organizations coordinating hubs across the country. The Nevada Tech Hub, for example, aims to build a “lithium loop” near Reno that includes the entire electric vehicle battery supply chain. Its seven-pillar strategy has a goal of spurring the creation of 3,000 new businesses and 50,000 new jobs by 2029, largely by expanding workforce development pathways. Such plans have already secured a commitment from Lyten to build “the world’s first lithium-sulfur gigafactory.”

The Nevada hub has the potential to transform the state into a mining and battery manufacturing powerhouse, as do other hubs in other states, but only if participating firms ultimately receive permission to build quickly and affordably. Tens of millions of dollars in workforce training subsidies from the state or federal level will be for naught

if the status quo gauntlet of permitting, environmental reviews, local procurement rules, and more continues to slow down builders and raise costs. As President Trump designates more tech hubs across an array of programs, perhaps focused on reinvigorating our defense industrial base or energy supply chains, these barriers will continue to snag projects of strategic value.

Individual agencies tasked with designating, managing, and supporting innovation hubs are limited in how they can help. While the Small Business Administration manages Regional Innovation Clusters in areas ranging from underwater drones to speculative agricultural technology, for example, the agency has neither subject matter expertise nor legal authority to overcome participating firms' regulatory obstacles. Strong leadership from the White House, however, can cut through divisions between agencies and force solutions.

## SOLUTION

### Mission

The president should issue an executive order establishing a Task Force for Accelerating Strategic Investments to directly interface with firms, economic development agencies, local governments, and nonprofits affiliated with Tech Hubs, Engines consortia, and other place-based economic development clusters designated as strategically significant by the President. The president should delegate to the task force the authority to order agencies to accelerate and give priority to any environmental, security, or permitting reviews associated with such investments.

### Activity

The task force should proactively survey firms, researchers, and local officials participating in Tech Hubs or Engines clusters. Its members should investigate any regulatory barriers actively impeding or slowing private or non-profit research initiatives or the construction or operation of commercial facilities tied to the consortia's areas of focus. The task force should function as "bottleneck detectives," identifying all practical steps within existing legal authorities to waive relevant discretionary rules, regulations, or processes likely to raise costs or delay production for facilities directly tied to federal, place-based policy investments. Once identified, it should order agencies to carry out those steps. Such authorities might include, but should not be limited to, national security exemptions under the National Environmental Policy Act, Endangered Species Act, Clean Air Act, or Defense Production Act.

While executive agencies in conjunction with the Office of Management and Budget (OMB) are working to reduce the reach of the regulatory state pursuant to E.O. 14192 (with its "1 in, 10 out" rule), the task force prescribed in this memo should focus on simultaneously maximizing the use of authorities under *existing* regulations. Both efforts can happen concurrently. President Trump, in his first term, issued E.O. 13927, which ordered agencies to maximize the use of emergency and discretionary

authority under the National Environmental Policy Act, Endangered Species Act, and other authorities to accelerate infrastructure projects to the “fullest extent possible and consistent with applicable law.” The White House should draw on the language of this executive order when setting up the task force.

## Structure

Federal hubs represent a wide range of industries, from quantum computing to aerospace manufacturing. Paired with centralized decision-making authority, the task force’s membership should reflect the breadth of the hubs it’s designed to assist, with a broad membership useful for sourcing ideas. The task force should include representatives from the following:

- White House Office of Science and Technology Policy;
- National Science Foundation;
- Department of Commerce;
- Environmental Protection Agency;
- Department of Defense;
- Department of the Interior; and
- Department of Energy

## Transparency

The task force should issue reports every 90 days disclosing its contacts with innovation hub members. It should also issue an annual report recommending legislative reforms for Congress and disseminating best practices at the state level.

## JUSTIFICATION

Regulatory carve-outs for projects critical to national or economic security are nothing new. In 2023 Congress passed the Building Chips in America Act, which exempted the semiconductor projects that the bill funded from federal reviews under the National Environmental Policy Act and the National Historic Preservation Act. Congress passed this law on a bipartisan basis, recognizing that while disagreements remained on the proper extent of broad-based permitting reform, the national security imperative to reshore leading-edge semiconductor manufacturing was too urgent to let such debates get in the way.

The Task Force for Accelerating Strategic Investments should be viewed as a temporary measure. The US needs deep reforms to permitting, environmental law, and manufacturing policy more generally if it is going to reindustrialize in sectors critical to economic and national security. But such an overhaul will be subject to lengthy debate, while investments in regional tech clusters will succeed or fail on a much shorter time horizon.

One model to draw on is the “regulatory sandbox.” States across the country have experimented with the sandbox concept, which allows participating firms to tempo-

rarily operate under a looser regulatory regime, subject to close monitoring and consumer protection and environmental safeguards. Utah became the first state to adopt an all-industry sandbox in 2020, administered by the Office of Regulatory Relief. Sandboxes’ discretionary model is attractive, but its temporary relief has limited participation to only a handful of companies in the Utah experiment. The task force recommended here should instead provide ongoing relief. In the case of tech hubs, the sandbox model would have two benefits. First, it would provide immediate relief to firms making strategically significant investments. Second, such experiments could serve as useful models for broader regulatory reforms.

There are a number of relevant precedents for this task force from prior administrations. In 1981, President Ronald Reagan established his Task Force on Regulatory Relief (E.O. 12291), taking *de facto* centralized control of the administration’s regulatory agenda and settling disputes between agencies and OMB. This effort did slow the cadence of new regulations, as well as loosen proposed rules from agencies; the number of pages in the *Federal Register* fell nearly 40 percent in President Reagan’s first five years in office. President George H.W. Bush built on this model with the White House Council on Competitiveness, which served a similar function of surveying industry and steering agencies’ proposed rules. The president may also be able to draw on authorities within the National Emergencies Act unlocked by E.O. 14156, which declared a “national energy emergency.” ■

## FURTHER RESOURCES

- Caleb Watney, “Clusters Rule Everything Around Me,” *Works in Progress*, 2020
- Robert D. Atkinson, Mark Muro, and Jacob Whiton, “The Case for Growth Centers: How to Spread Tech Innovation Across America,” Brookings Institution and Information Technology and Innovation Foundation, 2019
- Eric Carlson, Adam Ozimek, and Kenan Fikri, “CHIPS off the Federal Funding Block: Using Data to Inform the Location of the 20 New Regional Innovation Hubs,” Economic Innovation Group, 2022
- Thomas Hochman, “So You Want to Ignore an Environmental Law,” *Green Tape*, 2025

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