

[Austin ISD moves forward with process to potentially approve tax break for chip maker NXP to expand facilities | kvue.com](https://www.kvue.com/news/austin-isd-moves-forward-with-process-to-potentially-approve-tax-break-for-chip-maker-nxp-to-expand-facilities)

Austin ISD moves forward with process to potentially approve tax break for chip maker NXP to expand facilities

The deal would give the company a tax break. Leaders with Austin ISD say they would get to keep \$67 million from recapture.



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AUSTIN, Texas — *Editor's note: An earlier version of this article stated that Austin ISD had approved the tax break, but the board only voted to accept an application.*

[Austin ISD](#) has voted to move ahead in the process to potentially approve a tax break to a semiconductor chip producer that wants to expand its facilities.

On Thursday night, the school board discussed [NXP's](#) request for [Chapter 313](#) exemptions and eventually accepted NXP's application.

Essentially, the deal with NXP would give the company a tax break, and Austin ISD would also get to keep \$67 million out of recapture rather than get pulled by the state to fund other districts. According to AISD spokesperson Jason Stanford, that \$67 million equates to approximately \$6.7 million per year for 10 years which would be similar to a 2% raise in teacher salaries

Due to the state's "[recapture program](#)," AISD is required to give nearly half of its funding to these other school districts because property values within AISD are higher, which leads to people paying more in taxes. So, the state is sharing that money with other districts that get less from local property taxes.

Although AISD's budget is \$1.6 billion, only about \$800 million actually goes toward local schools since about \$700 million goes to the state. That means 49 cents of every dollar in AISD's general fund is given to the state – just about half of the money.

"One of the objections I find to this is that this takes money that the state could otherwise spend on social services, health care, education, all the good things that we would love the state to spend money on," Stanford said. "If someone could point me to a history when the state of Texas has abundantly funded those with ample opportunity, I'd love to know that. It's based on faith on things unseen. We know how we're going to spend the money, and it's on the kids."

NXP already has two facilities in Austin. One of them is the U.S. corporate headquarters. The company is hoping to expand its Austin facilities and add hundreds of jobs.

NXP is considering Austin for a \$2.6 billion expansion with 800 new jobs. Those jobs would pay an average annual salary for more than \$100,000, NXP's representatives told AISD on Tuesday.

"These [students] are learning how to create the future with semiconductors," Stanford said Wednesday. "These are six figure jobs that are going to be created here, right here in Austin, and they're excited about training our kids to do it."

The company produces chips that go in a variety of electronic products, from cars to cellphones.

Representatives for NXP have previously said in order to get federal grants from the impending CHIPS for America Act, they have to get local support, and without that, they might take their business elsewhere.

For now, AISD has only approved NXP's application. There have to be more conversations before a final agreement can be approved. NXP also has to meet with Travis County and Austin leaders before any kind of construction can begin, which plans say is still at least two years away.

NXP sent KVUE the following statement Friday morning:

"We'd like to thank the AISD board of trustees and Superintendent Elizalde and we are delighted with the board's decision to support NXP submitting its Chapter 313 Property Tax Limitation application related to Project Gateway, a proposed expansion of our global semiconductor manufacturing footprint. NXP's pursuit of this investment incentive is part of an overall strategy to leverage the bipartisan CHIPS for America Act, which if passed by the U.S. House and Senate and signed by the President, would provide critical funding for semiconductor manufacturers of all kinds to expand capacity in the United States. The company is currently evaluating its global manufacturing operations, including its sites in Austin, to determine which locations could accommodate a potential expansion. NXP is looking at a variety of other options as well."