

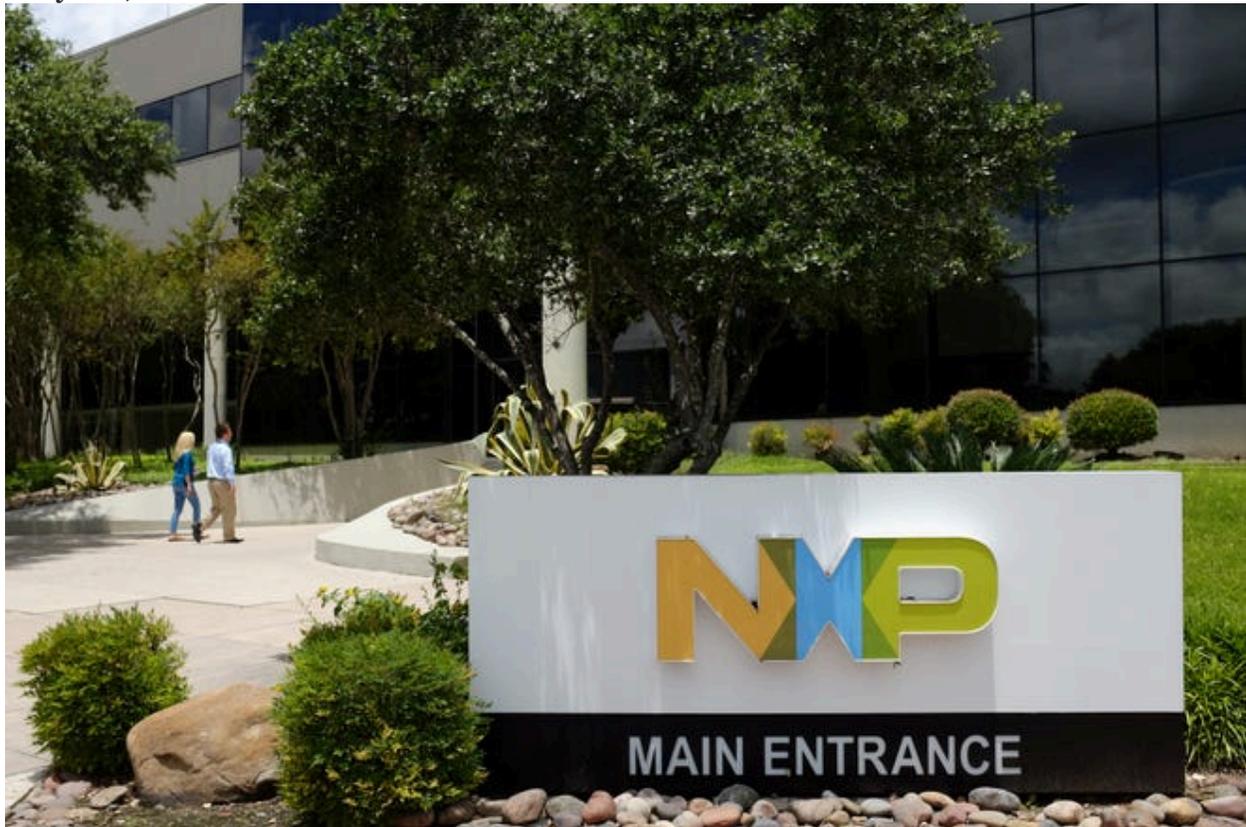
[For Austin expansion, NXP Semiconductors seeking \\$140M in tax breaks \(statesman.com\)](https://www.statesman.com/story/news/business/2022/05/19/nxp-semiconductors-tax-breaks-austin-expansion/7041117002/)

For Austin expansion, NXP seeking up to \$140 million in tax breaks from school district

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NXP Semiconductors is considering two projects as part of a potential major expansion in Austin as it moves to beef up its global manufacturing capabilities, estimating the investment required for one of them at about \$2.6 billion and for the other at up to \$1.2 billion.

In either case, it wants substantial tax breaks.

The company, which is based in the Netherlands and already has two chip factories in Austin, is seeking \$140.5 million in tax breaks from the Austin Independent School District over 10 years for the higher-cost project, and about \$22.8 million million over 10 years for the less-expensive one.

The figures, which assume no change in the district's tax rate over the timeframe, were calculated from information contained in NXP's applications to the school district for Chapter 313 incentive agreements.

The company said the higher-cost project would create 350 new jobs and the lower-cost project would create 150, with both paying minimum annual salaries of about \$68,500.

Last week, NXP representatives told AISD board members during a presentation that a potential Austin expansion by the company would create a total of more than 750 new jobs at an average annual salary of about \$100,000. But the figures were updated just prior to a school board meeting Thursday night.

Board members voted 5-2 during the Thursday night meeting to formally accept NXP's Chapter 313 applications, with one trustee abstaining.

The board's decision clears the way for the applications to be submitted to the state comptroller's office for review. If the comptroller's office OKs them, they would go back to the school board for final consideration before any incentive deal is completed.

NXP has said previously that it also intends to seek tax breaks from Travis County and from the city of Austin.

The projects that the company is considering for expansion here are part of its "due diligence" as it assesses its operations worldwide for the best way to grow, NXP said in its Chapter 313 applications to the Austin school district.

The company, which had revenue of \$11 billion in 2021, already has about 4,000 employees in Austin.

"NXP is evaluating its existing global manufacturing operations to determine which locations could accommodate the proposed expansion, either by investing within underutilized existing buildings, constructing new buildings on greenfield sites, or both," it said.

Jacey Zuniga, an NXP spokesperson, told the American-Statesman on Friday that it's possible the company would move forward with both or only one of the Austin projects if it decides to expand in the city.

The higher-cost of the two projects that NXP is considering in Austin would entail expanding its chip fabrication plant at 3501 and 3949 Ed Bluestein Boulevard, enabling advanced analog and logic devices for the auto industry to be produced there.

Specifically, the company would build a new four-story, 520,000-square-foot fabrication plant adjacent to two existing fabrication facilities at the site. It also would build a 47,000-square-foot central plant to support manufacturing operations, according to the application, in addition to structures for utilities and other ancillary infrastructure.

The other project would entail expanding the company's operations at 6501 W. William Cannon Drive, which NXP said would equip it to make advanced analog and logic devices for its foundry business.

The project would mainly involve "maximizing underutilized space within existing buildings" and purchasing new equipment, and it would "occur entirely within (NXP's) existing footprint," the application said.

But the company made clear that neither project would go forward without tax breaks.

"If NXP cannot lower its projected property tax liabilities for (the expansion) through a Chapter 313 value limitation and other state, local and federal incentive programs, the project resources and funds for (the expansion) would be allocated to another site outside of Texas, including other sites in the U.S. or in Asia," NXP said in its applications.

That could be a sticking point.

Critics oppose tax breaks

The state's Chapter 313 tax-break program, which is named after a section of the tax code, has been controversial, and NXP's applications with the Austin school district already have drawn some community opposition. Chapter 313 is set to expire at the end of this year because state lawmakers declined to renew it during last year's legislative session, although deals struck before the end of 2022 won't be affected.

Ofelia Zapata, one of the two AISD trustees who voted against proceeding with NXP's application, said she believes school districts shouldn't let corporations "off the hook" when it comes to paying their school taxes.

"I've worked for decades, fighting for public schools, fighting for good jobs and living wages, and against corporate welfare... I don't like corporate welfare, and Chapter 313 is the biggest corporate welfare program in our state," Zapata said during Thursday's meeting.

Critics have contended that Chapter 313 is essentially a vehicle for corporate handouts at the expense of taxpayers statewide, because school districts have no reason not to grant the incentives. Under Chapter 313, school districts are reimbursed by the state for the corporate tax breaks they agree to provide.

But many business advocates have called Chapter 313 an essential tool to attract capital-intensive economic development.

NXP representatives also AISD told board members Thursday that — because of the complicated Texas school finance formula — approving the tax breaks would help the district save some of the money it loses under the state's recapture program.

Austin school district leaders expect to send \$846 million to the state during the 2022-23 academic year under recapture, which is designed to support school districts that have less property wealth per student.

AISD trustee Kevin Foster, who voted in favor of proceeding with NXP's applications, said he didn't want to turn away money "that might lead to raises for teachers" and could boost the financial health of the school district.

"I'm fine with this vote tonight," Foster said. "I'm not thrilled with all aspects of it, but I can't turn away an opportunity that brings money into our coffers when we're looking at ... whatever the budget deficit (is that) seems to grow every 10 minutes. It kind of ticks me off, but it is what it is."

But some community members turned out Thursday to oppose the potential NXP tax breaks.

"It is shameful to take money from schoolchildren to line the pockets of multinational corporations," said Trenton Henrichson, a leader of Central Texas Interfaith, a group that opposes all Chapter 313 deals and has worked to help end the program.

Austin's growing semiconductor sector

If NXP does expand here, it will add to what is becoming a critical mass of semiconductor firms in Central Texas.

Samsung announced last year that it is building a \$17 billion chip factory in Taylor. In addition, Applied Materials said in March that it's considering Hutto as the site for a \$2.4 billion research and development center,

while Infineon Technologies said in February that it's considering Austin for a \$700 million expansion.

Samsung received Chapter 313 incentives from the Taylor school district, while Applied Materials is seeking them from the Hutto school district and Infineon is seeking them from the Del Valle school district.

There has been a rush of Chapter 313 applications in recent months, because the comptroller's office has advised corporations to get them in by June. The program doesn't expire until the end of this year, but officials have warned that it can take up to six months for them to be evaluated and approved.