Austin ISD considering proposal that would help lower recapture payments, faces opposition

by Paige Hubbard

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AUSTIN, Texas — Austin Independent School district has the largest recapture payment out of all the districts in the state. But a proposal the district is considering could allow them to keep millions in out-of-state recapture.

Jacob Reach, chief of governmental relations and board services with Austin ISD, says factors like the property value of the district, the tax rate, and low enrollment cause the district to have the largest recapture payment out of all the districts in the state.
“Austin ISD has also seen declining enrollment over the last few years, which has increased our recapture payment,” said Reach.

But a proposed agreement from a chipmaking company, NXP Semiconductors, could help the district keep nearly $67 million of recapture in their pockets. The district is considering giving the company tax incentives that would limit its recapture payment.

This is possible through Texas state law chapter 313. Chapter 313, is a long-standing law designed to attract new companies to Texas with property tax breaks. Some argue the law gives schools the short end of the stick.

“Why should a company that had $11 billion in revenue last year get their taxes lowered? So that’s number one issue,” said Reverend Michael Floyd.

Reverend Michael Floyd, a leader with Central Texas Interfaith says if the district agrees, Austin ISD will benefit a little but the school system as a whole will lose.

“It takes our money and gives it to this corporation and depletes the amount of money available for schools in general. If Austin ISD gives money to NXP, then the state gives money to Austin ISD to make up for that amount. Where do you think the money the state gets comes from? It’s from our taxes and from the general fund,” said Floyd.

Floyd adds the law that allows school districts to give companies tax breaks is set to expire in December. He feels companies are trying to get what they can from it before is no longer in place.

“If people have the good of the students, and children of Texas at heart, then think about what damage this program is doing to our educational system as
a whole and realize what we need is not tax breaks for large corporations but more money into the school system for everybody,” he said.

CBS Austin asked Austin ISD:

“What’s your response to those who feel that the district shouldn’t enter the agreement?

Jacob Reach with AISD responded:

“I do think it's in the district's best interest to consider what this could do for us to determine how strong of an impact would this be for our students in our district and is that in our best interest? I can see how these protective payments that we receive are better than what we would receive without an agreement. So Austin ISD and our community would certainly be better off with the agreement than without if this company were to come to the Austin area.”

Parent, teacher, and community advocate Cuitlahuac Tonatiuh thinks the district should focus its efforts on the legislature that puts more money in the general education fund.

“If we really want everything to be bigger in Texas, we need to start by increasing the General allotment fund in education. That's the real problem. Yes, recapture is a problem. But the big problem is we're not allocating enough money to education to begin with,” said Tonatiuh.

Tonatiuh adds it was said that more jobs will be created if AISD enters the agreement. He says it’s important to point out that the application that was turned in by the company doesn't specify the number of jobs that NXP will bring.
“What we're doing is we're perpetuating systemic harm by not allowing the state to capture those property taxes from the chipmaker and distribute them to education so we're perpetuating systemic harm and continuing the underfunding of education in Texas. So I just don't think that's worth it,” he said.

NXP semiconductors sent a statement to CBS Austin saying:

*In coordination with various state and local bodies, NXP is identifying and applying for economic development incentives related to Project Gateway, a proposed expansion of its global semiconductor manufacturing footprint. NXP’s pursuit of these incentives 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.*

The district says on Thursday during a board meeting they will consider accepting the company's application but that's just to start the conversation.

“I think we're just wanting to see if our board and our community are willing to continue the conversations, because tomorrow, as I said, does not commit us to anything. It submits an application and basically gets us in line for consideration from the state and ensures that the state can start reviewing the application to meet all the guidelines and requirements they have, which are mostly upon the company,” said Reach.
This fiscal year the district is expected to pay nearly $761 million in recapture. By 2023 it will be $846 million.

To learn more about AISD’s recapture program click here.