

**AGENDA**



**Recommendation for Council Action**

**AUSTIN CITY COUNCIL**

**Regular Meeting: August 23, 2018**

Item Number: **008**

**Economic Development Department**

Approve a resolution to nominate NXP USA, Inc. for reassignment of the Freescale Semiconductor, Inc. designation as a single Texas Enterprise Project by the Governor's Office of Economic Development and Tourism in accordance with Chapter 2303 of the Texas Government Code.

<b>Lead Department</b>	Economic Development Department.
<b>Fiscal Note</b>	There is no fiscal impact.
<b>Prior Council Action</b>	October 18, 2007 - Council approved Ordinance No. 20071018-008 electing to participate in the Texas Enterprise Zone Program; November 4, 2010 - Council approved Ordinance No. 20101104-046 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.
<b>For More Information</b>	Rebecca Giello, Interim Director-Economic Development, 512-974-3045; Dusty McCormick, Economic & Business Development Liaison-Economic Development, 512-974-6390; Cindy Crosby, Attorney-Law Dept. 512-974-2113

**Additional Backup Information:**

This resolution will reassign a single Enterprise Zone Project designation from Freescale Semiconductor, Inc. ("Freescale") to NXP USA, Inc., under the Texas Enterprise Zone Act. Council approved a resolution on November 19, 2015 to nominate Freescale Semiconductor,

Inc. for designation by the Governor's Office of Economic Development and Tourism as a single Texas Enterprise Project in accordance with Chapter 2303 of the Texas Government Code during the December 1, 2015 application round. That designation was subsequently approved March 2016. However, on December 7, 2015, Freescale Semiconductor and NXP announced the completion of a merger of the two companies, in which Freescale Semiconductor filed for an Amendment to Registration with the Texas Secretary of State changing the legal name of the entity from Freescale Semiconductor, Inc. to NXP USA, Inc. In accordance with the merger, Freescale Semiconductor, Inc. released all claims to the December 1, 2015 Texas Enterprise Project Designation approved application and any benefits represented there under and agrees to the assignment of the designation to NXP USA, Inc.

If reassignment as an Enterprise Zone Project is approved for NXP USA, Inc., the company would be eligible for a refund of State sales and use tax based on the employment criteria and the amount of the capital spent at the qualified business site just as Freescale Semiconductor was originally obligated to perform. NXP USA, Inc. remains committed to the approximately \$11 million in capital investment projects. On July 17, 2015, Freescale employed 912 employees at its Ed Bluestein facility, and NXP USA, Inc. expects to maintain this level of employment, and retain up to 500 full-time jobs for benefit under the December 1, 2015 Project designation. These retained jobs meet the definition of "retained jobs" in the Texas Government Code 2303.401 (2).

The Texas Legislature currently authorizes 105 state designations each biennium. The City is eligible to receive up to none (9) Enterprise Project designations based on availability and competitiveness of the project every two (2) years. Approval of this resolution would not alter the number of Enterprise Project designations available to the City of Austin during this current biennium.