



Recommendation for Action

File #: 23-3333, Agenda Item #: 11.

11/30/2023

Posting Language

Approve a resolution nominating NXP USA, Inc., located at 6501 West William Cannon, Austin, Texas, for designation by the Governor's Office of Economic Development and Tourism as a single Texas enterprise project in accordance with Texas Government Code Chapter 2303.

Lead Department

Economic Development.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

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.

November 14, 2019 - Council approved Ordinance No. 20191114-068 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.

For More Information:

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Additional Backup Information:

NXP USA, Inc. (NXP) is a wholly-owned subsidiary of NXP Semiconductors N.V. (Company), a Dutch based manufacturer of semiconductors, headquartered in the Netherlands. The Company employs more than 31,000 people, with operations in over 30 countries. The Company's product has applications in a host of industries, including automotive, industrial, mobile, and communication infrastructure. NXP has two existing manufacturing operations in Austin (3949 Ed Bluestein Blvd [ATMC] and 6501 West William Cannon [OHT]).

Over the next five years, NXP anticipates investing \$148,600,000 at its OHT facility. The investment will allow NXP to invest in retrofit projects, which reduce loss, increase efficiency, and stabilize production. NXP expects to retain existing and create new full-time jobs for benefit under the Enterprise Zone Program (Program). NXP will be seeking benefit for creating 32 full time positions and retaining 468 full time positions.

This item requests the City's support of a Texas Enterprise Zone Single Designation for the NXP OHT's operations. The Company seeks to submit its Texas Enterprise Zone Application to the Office of the Texas Governor for the December 1, 2023 application round.

The Program potentially provides a state incentive to companies that commit to the creation and/or retention of jobs, as well as economically disadvantaged workforce hiring. Although the City is required to first nominate a company, the state is ultimately responsible for the designation. If designated by the state, NXP will be eligible

for a refund of state sales and use taxes.

Previously, Ordinance No. 20230921-080 authorized a Chapter 380 Award for NXP to support this potential NXP expansion. The State Enterprise Zone (EZ) designation would not include any additional incentive from the City.

NXP is also seeking an award from the federal CHIPS Act (CHIPS), which requires local support for the project. An EZ designation by the state will strengthen NXP's application for a CHIPS application by augmenting non-federal financial support and further encouraging hiring of economically disadvantaged individuals required by the Program. The state designation, coupled with the City's Chapter 380 award will enhance NXP's CHIPS application and further support the viability of the expansion.