



COMMISSIONERS COURT COMMUNICATION

REFERENCE NUMBER _____

PAGE 1 OF 82

DATE: 12/06/2022

**SUBJECT: APPROVAL OF TAX ABATEMENT AGREEMENT BETWEEN
TARRANT COUNTY AND MP MAGNETICS LLC, CITY OF FORT
WORTH**

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court approve the Resolution and Tax Abatement Agreement providing for Tarrant County participation with the City of Fort Worth in the abatement of ad valorem taxes on the eligible real and personal property improvements made by MP Magnetis, LLC for the development of a 200,000 square foot Corporate Office and Manufacturing Facility located at 13840 Independence Parkway, Fort Worth, Texas 76177, for a period of seven (7) years at a maximum abatement percentage of fifty percent (50%) as set forth in the Agreement, and authorize the County Judge, or his designee, to execute the Agreement.

BACKGROUND

MP Magnetis LLC is a company that manufactures rare earth magnets and related materials. The company is based in Las Vegas, Nevada (Corporate Headquarters) and Mountain Pass, California (mining operations). The company's parent, MP Materials Corp., operates the only open-pit, rare earth metal mining and processing facility in the United States, accounting for approximately fifteen percent (15%) of the world's supply of rare earth metals in 2020. MP Magnetis is rapidly expanding its presence and market share in the United States. In addition to advanced manufacturing, functions within the new facility will include housing the North American headquarters operations as well as product design and prototyping. Following a multi-state site selection process, an existing facility located at 13840 Independence Parkway in Fort Worth was identified for the 200,000 square foot manufacturing location.. The property will be owned by MP Magnetis LLC. In order to facilitate the establishment of MP Magnetis' corporate office and manufacturing facility, the City of Fort Worth, along with the County proposes to provide a seven (7) year tax abatement. MP Magnetis will invest over \$40 million in the new facility and locate an estimated \$60 million in business personal property to the facility. MP Magnetis is expected to bring thirty (30) new full-time jobs by the end of 2023, with an average salary of approximately \$80,390.00 annually. Healthcare and other benefits are provided at a reasonable cost to full-time employees.

The City of Fort Worth has approved a seven (7) year tax abatement providing up to sixty percent (60%) abatement of real and personal property taxes. Should Commissioners Court choose to participate in tax abatement for MP Magnetis LLC, staff proposes County participation in tax abatement at a maximum of fifty percent (50%) of new real and personal property value for a period of seven (7) years.

SUBMITTED BY:	Administrator's Office	PREPARED BY: APPROVED BY:	Maegan P. South
---------------	------------------------	------------------------------	-----------------



COMMISSIONERS COURT COMMUNICATION

REFERENCE NUMBER: _____ DATE: 12/06/2022 PAGE 2 OF 82

The Criminal District Attorney's Office has approved this agreement as to form.

FISCAL IMPACT

Total new real and personal property value added from this project is estimated at over \$100 million (\$40 million for real property and \$60 million for business personal property). Based on current tax rates, should MP Magnetics LLC earn the maximum tax abatement of fifty percent (50%) for all seven (7) years, the project could receive a total seven (7) year tax abatement of approximately \$801,500.00 from the County. Hospital District taxes will not be abated.

Over that same period, the County will receive an equal amount or more in tax revenues from the unabated portion of the new improvements, as well as the current base value of the property. New tax revenues solely from the unabated portion of new improvements are expected to be approximately \$114,500.00 annually for the County.