

Mayor and Council Communication

DATE: 01/28/25

M&C FILE NUMBER: M&C 25-0098

LOG NAME: 17MPMAGNETICS2025_TEZ_A1

SUBJECT

(CD 10) Authorize Execution of a Resolution Amending City Secretary Resolution Number 5953-05-2024, to Indicate the Designation of MP Magnetics LLC's Facility Located at 13840 Independence Parkway, as a Double Jumbo Enterprise Project, Counting as Two Project Designations or Nominations, Pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code

RECOMMENDATION:

It is recommended that City Council authorize the execution of a resolution amending City Secretary Resolution Number 5953-05-2024, to indicate the designation of MP Magnetics LLC's Facility Located at 13840 Independence Parkway, as a double jumbo enterprise project, counting as two project designations or nominations, pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code.

DISCUSSION:

The City Council of the City of Fort Worth (City) has previously passed Ordinance No. 15733 electing to participate in the Texas Enterprise Zone Program. On May 12, 2015, the City Council adopted Ordinance No. 21743-05-2015, amending Ordinance No. 15733 by adding additional potential local incentives that could be made available to qualified businesses under the Texas Enterprise Zone Program. The Office of the Governor Economic Development and Tourism through the Economic Development Bank will consider MP Magnetics LLC as a double jumbo enterprise project pursuant to a nomination and an application made by the City.

The Texas Enterprise Zone Program is an economic development tool for local communities to partner with the State of Texas to promote job creation and capital investment in economically distressed areas of the state. An enterprise project is defined as a business that is nominated by a municipality or county and then approved for state benefits. Designated projects are eligible to apply for state sales and use tax refunds on qualified expenditures. The level and amount of refund is related to the capital investment and jobs created at the qualified business site.

MP Magnetics LLC (MP Materials) qualifies for a Double Jumbo Enterprise Project Designation that counts as two designations with planned capital investments of approximately \$104 million for manufacturing for rare earth materials equipment in addition to its scheduled \$100 million investment to total \$204,000,000.00. These projects will include facility maintenance and improvements at an existing 200,000 square foot building, as well as investments in manufacturing machinery and equipment from December 2, 2024 through December 3, 2029. MP Materials' principal business is providing products and systems solutions focusing on manufacturing for rare earth materials.

As part of the project, MP Materials will retain 80 current employees, with an average annual salary at \$150,000.00 and add 274 new jobs at \$93,000.00 average annual salary to total 354 employees.

If designated as an enterprise project by the State of Texas, MP Materials commits to hiring thirty five percent (35%) economically disadvantaged persons or enterprise zone residents for its certified jobs at its Fort Worth facility during its enterprise project designation.

The enterprise project designation allows for a state sales and use tax refund on qualified expenditures of \$2,500.00 per job, for up to 350 jobs. Under the Texas Enterprise Zone Act, at least thirty-five percent of the business' new or retained employees will be residents of an enterprise zone, economically disadvantaged individuals or veterans. In addition, the jobs will be provided through the end of the designation period or at least three years after the date on which a state benefit is received, whichever is later.

City Secretary Resolution Number 5953-05-2024 (passed May 21, 2024) is being amended by resolution to indicate the designation of MP Magnetics LLC's facility located at 13840 Independence Parkway, as a double jumbo enterprise project, counting as two project designations or nominations, pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code Texas Government Code. The resolution being amended was ambiguous as to whether the double jumbo project was to count as a single project designation or nomination or two project designations or nominations. The project is a double jumbo project and the resolution being presented for consideration to amend the prior resolution makes it clear the project is to count as two project designations or nominations.

The project is located in Council District 10.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this recommendation will have no material effect on City funds.

Submitted for City Manager's Office by: William Johnson 5806

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Expedited