CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

Board Meeting Date: Tuesday, September 15, 2026

Request to Approve Project for a Sales and Use Tax Exclusion[1]

MP Mine Operations LLC
Application No. 26-SM025

Prepared By: Joshua Moua, *Program Analyst*

SUMMARY

Applicant: MP Mine Operations LLC

Location: Mountain Pass, San Bernardino County

Industry: Rare Earth Elements

Project: Expansion of Existing Rare Earth Elements Manufacturing Facility (Recycled Resource Extraction)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion ("STE") Amount[2]
$64,000,000	$5,440,000

Estimated Net Benefit[3]	Dollar Value	Points Earned
Estimated Fiscal Benefits	$12,844,914	2,361
Estimated Environmental Benefits	$2,098,045	386
Additional Benefits	N/A	125
Total	**$14,942,959**	**2,872**
Estimated Quantifiable Net Benefit	$9,502,959	N/A

Previous Awards and Status: One previous award

- Award 1: Application No. 21-SM018, Award Year 2021, 100% Expended, Status: Complete, Compliant on Required Reports

Competitive Criteria Score: 185

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[1] All capitalized terms not defined in this document are defined in the STE Program's statutes and regulations.
[2] This amount is calculated based on the average statewide sales tax rate of 8.5%.
[3] Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)

Staff Recommendation: Approval

THE APPLICANT

MP Mine Operations LLC (the "Applicant"), formed in Delaware as a limited liability company in 2017. The Applicant is owned by MP Materials Corp., a publicly traded company on the New York Stock Exchange under the ticker symbol MP. Headquartered in Mountain Pass, the Applicant is a U.S.-based rare earth materials company that mines, processes, manufactures, and recycles rare earth materials and magnets.

The Applicant received an $18.5 million income tax credit under the California Competes Tax Credit Program[4] administered by the Governor's Office of Business and Economic Development on April 30, 2026.

The major shareholder (10.0% or greater) of the Applicant is:

- MP Materials Corp. (100%)

The company officers of the Applicant are:

- James Litinsky, Chairman & CEO
- Ryan Corbett, CFO
- Michael Rosenthal, COO
- Elliot D. Hoops, General Counsel & Secretary

THE PROJECT

MP Mine Operations LLC requests a sales and use tax exclusion ("STE") award to expand its existing rare earth elements manufacturing facility located in Mountain Pass (the "Project").

According to the Applicant, the Project involves adding a new recycling line that will process recovered end-of-life rare earth magnets and magnet manufacturing scrap sourced from electric vehicles, turbines, disk drives, HVAC units, and other electronics products. These materials will be reprocessed into rare earth materials for the production of new neodymium-iron-boron ("NdFeB") magnets used in electric vehicles, wind turbines, consumer electronics, robotics, and defense applications.

The Project will utilize physical and thermal processing, dissolution processes, and advanced separation technologies to recover rare earth elements from recycled feedstocks. The Applicant states that the recycling line will convert discarded magnets and production waste into reusable rare earth materials, reducing waste, conserving natural resources, and avoiding the need for additional mining operations associated with primary material production. By integrating the recycling line into the existing

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[4] California Code of Regulations, Title 10, Chapter 13, Article 1 (commencing with Section 8000).

Mountain Pass facility, the Applicant will leverage established infrastructure and a specialized workforce to support a more resilient domestic rare earth magnet supply chain.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases		Cost
Computers & Process Controls		$4,000,000
Buildings & Structural		$10,000,000
Process Equipment		$50,000,000
	Total	**$64,000,000**

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. In accordance with the Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project over original estimates, and other reasons. In addition, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

Timeline
Construction began in Q3 of 2026. The facility is scheduled to be operational by late Q4 of 2027 or early Q1 of 2028.

Status of Permits/Other Required Approvals
The Project will require equipment air emission permits from the Mojave Desert Air Quality Management District (MDAQMD) and construction permits from San Bernardino County. Minor revisions to existing site permits and plans, including the Storm Water Pollution Prevention Plan (SWPPP), may also be required. Construction permits will be obtained as needed, and air permit applications are anticipated to be submitted by Q1 2027 to support initial system operation in Q4 2027.

COMPETITIVE CRITERIA SCORE

The Applicant received 185 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points).** The Application has a Recycled Resource Extraction Project, and, therefore, 100 points are awarded.

2. **Unemployment (0 of 50 points).** The Applicant's Project is located in San Bernardino County, which has an average annual unemployment rate of 5.4%.[5] When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant zero points.

[5] Unemployment rates are based on data available in March 2026.

3. **Job Creation (20 of 75 points).** The Applicant anticipates the Project will support a total of 72 production-related jobs at its Facility. CAEATFA estimates that approximately five of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 20 points.

4. **California Headquarters (15 of 15 points)**. The Applicant maintains its Corporate Headquarters in Mountain Pass, California, 15 points are awarded.

5. **Natural Disaster Relief (0 of 50 points).** The Project is not to rebuild or relocate the Applicant's Facility due to a fire, flood, storm, or earthquake identified in a state of emergency proclaimed by the Governor within two years of the time of application, and, therefore, zero points are awarded.

6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (50 of 50 points).** The Applicant is not eligible to use any of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, 50 points are awarded.

7. **Emerging Strategic Industry (0 of 75 points).** The Project's industry is not in an Emerging Strategic Industry, as defined by CAEATFA, therefore, zero points are awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 2,872 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 386 points, which exceeds the 20-point threshold.

1. **Fiscal Benefits (2,361 points).** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to $12,844,914, resulting in a Fiscal Benefits score of 2,361 points.

2. **Environmental Benefits (386 points).** The Project is anticipated to result in $2,098,045 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 386 points. These benefits derive from the processing of rare earth elements.

3. **<u>Additional Benefits (125 points)</u>.** Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 150 Additional Benefits points.

   A. **<u>Production Jobs (20 of 75 points)</u>.** The Applicant anticipates the Project will support a total of 72 production-related jobs at its Facility. CAEATFA estimates that approximately five of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 20 points.

   B. **<u>Construction Jobs (30 of 75 points)</u>.** The Applicant anticipates the Project will support a total of 200 construction jobs at its Facility. CAEATFA estimates that approximately 13 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 30 points.

   C. **<u>Unemployment (0 of 50 points)</u>.** The Applicant's Project is located in San Bernardino County, which has an average annual unemployment rate of 5.4%. When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant zero points.

   D. **<u>Research and Development Facilities (25 of 25 points)</u>.** The Applicant has verified that it has a facility located in California that performs research and development functions related to building a U.S. domestic supply chain that includes a circular supply of magnets through recycling, in addition to developing closed-loop recycling technologies to recover and reuse high-purity rare earth feedstock from post-industrial and end-of-life magnets.

   E. **<u>Workforce Partnerships (25 of 25 points)</u>.** The Applicant has a partnership with Baker Valley Unified School District for the purpose of assisting in the training of potential future workers.

   F. **<u>Benefits and Fringe Benefits (25 of 25 points)</u>.** The Applicant states it provides medical, health, dental & vision benefits, bonuses, retirement contributions, dependent care and assistance reimbursement, employee discounts, and paid leave to its employees, earning the Applicant 25 points.

<u>LEGAL STATUS QUESTIONNAIRE</u>
The Applicant indicated they had nothing to report for the questions contained in the Legal Status portion of the Application. Staff conducted a broad online search of publicly available sources, including SEC Form 10-K filings and OSHA records, as well as other relevant sources as appropriate, and did not find any matters affecting the financial viability or legal integrity of the Applicant.

WORKFORCE REQUIREMENT

The Applicant, individually or with its parent corporation and subsidiaries, employs 500 or more employees, and has certified that it, along with its contractors, will do all of the following:

(1) Provide comparatively good wage and benefits to the employees of the applicant or its subcontractors, relative to the industrial sector of the applicant or its subcontractors, occupation, and labor market of those employees.

(2) Invest in employee training, growth, and development, such as through comprehensive workforce training programs or apprenticeship programs.

(3) Adopt mechanisms to include worker voice and agency in the workplace.

CAEATFA FEES

In accordance with STE Program regulations,[6] the Applicant paid CAEATFA an Application Fee of $10,000 and will pay CAEATFA a total Administrative Fee of up to $256,000 should the Applicant be approved for an award. Upon execution of the Regulatory Agreement, the Applicant shall pay $128,000.

RECOMMENDATION

Staff recommends the approval of Resolution No. 26-SM025-01 for MP Mine Operations LLC’s purchase of qualifying tangible personal property in an amount not to exceed $64,000,000 anticipated to result in an approximate STE value of $5,440,000. The initial term of the Regulatory Agreement will be for a period of five years, until September 15, 2031, and the full term shall be for a period of twelve years, until September 15, 2038, for providing annual compliance reports.

[6] California Code of Regulations Title 4, Division 13, Section 10036

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A REGULATORY AGREEMENT WITH MP MINE OPERATIONS LLC

September 15, 2026

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the "Authority") has received the Application of **MP Mine Operations LLC** (the "Applicant") for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant's qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the "Project"); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed $64,000,000 over a period of five (5) years; and

WHEREAS, the Applicant asserts that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Project pursuant to Revenue and Taxation Code Section 6010.8; and

WHEREAS, the approval of the terms of the Regulatory Agreement and authority for the Executive Director or Chair of the Authority to execute the necessary documents to effectuate the Regulatory Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a participating party within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director or Chair of the Authority (the "Authorized Signatories") are hereby authorized for and on behalf of the Authority to approve any changes to the Project that do not affect eligibility, provided that the amount of the qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including, without limitation, the execution and delivery of any and all documents and certificates they may deem necessary or advisable to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days for up to an additional thirty (30) days, if necessary.