

In more Musk corruption SpaceX wins tax exemption for \$55bn AI chip plant despite local backlash

Elon Musk's Terafab plant sparks fierce opposition and threat of legal action from residents of Texas county [Stephanie Findlay](#) in Anderson, Texas

SpaceX won a property tax exemption for its planned \$55bn Terafab semiconductor facility, despite Texans threatening legal action as opposition to the rapid growth of AI infrastructure in the state rises.

The Commissioners Court of Grimes County voted on Wednesday 4-1 to award Elon Musk's company a 100 per cent tax abatement and a reinvestment zone designation for its manufacturing project north-west of Houston.

In opening comments to the court in the town of Anderson, [Texas](#), John Federspiel, director of SpaceX's Starlink satellite group, said there was "no doubt" Texas had been central to the company's success.

"This facility will help strengthen America's technological independence," said Federspiel, who was accompanied by security, adding that the plant will offer 1,800 people jobs.

But the strong opposition from Grimes County residents to the project laid bare how the rural community may complicate Musk's vision to build a vertically integrated chip development and fabrication facility.

"This is disrespectful to the people living in that zone and in this entire county," said Marie Egyed, with the Grimes County Citizens for Responsible Development, a resident group. "This sets the county up for distrust, backlash and possible future litigation."

Rhonda Nesloney, a landowner, told the court: "Elon was on the news bragging he's about to be a trillionaire . . . and you want to consider giving him a tax abatement."

Outgoing commissioner David Tullos was the sole vote against the tax exemption and reinvestment zone designation for Musk's company spanning rockets, satellites and AI.

"This agreement is a disappointment, we could have achieved so much more," said Tullos, "This hasn't felt like a negotiation, it's felt like a capitulation."

Musk has been a champion of Texas, which has long [pitched itself as pro-business](#), and has built several facilities in the state, where an influx of companies has reincorporated and there is a boom in data centre construction.

SpaceX unveiled plans in May for the largest public offering in history to raise about \$75bn at a \$1.75tn valuation.

But the breakneck growth has sparked a backlash among rural communities who feel that Big Tech is moving too fast. Last month, Hill County, an area south of Fort Worth, approved a year-long moratorium on data centre construction, citing public safety concerns.

In a packed courtroom, Grimes County residents raised concerns ranging from the lack of due process in approving the project to environmental pollution and changing the social fabric of the region.

"We were rushed by [SpaceX](#), we didn't get a map on time, if that's any indication of how it's going to go for negotiations on this plant, we don't stand a chance," said Susan Scott Watts, a seventh-generation rancher and real estate agent. "Slow down, stop, I'd like this to go to a public vote."

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Residents said they had not been consulted on the SpaceX project and that they wanted to see feasibility studies connected with the project.

Bart LeMay, a 57-year-old software analyst wearing brown ostrich leather boots, said he had come to the hearing to learn more about the project.

"They released another map and I was shocked to see my ranch on it, that's alarming," said LeMay, who owns 150 acres of land in Grimes County. "That's alarming."

Like many others who gave testimony, LeMay's land has been in his family for generations. "It's unbelievable there, like time forgot," said LeMay, "I wouldn't be able to put a price on it."