

# TESLA FACT SHEET

## As it seeks another handout, Tesla has a troubled history with taxpayer subsidies

June 2020

Tesla has relied heavily on taxpayer subsidies while falling short on delivering on its commitments. The company has repeatedly benefited from generous taxpayer support; Nevada, New York, California and the federal government have supported Tesla with billions in financial incentives.<sup>1</sup> Yet states have paid a price for their generosity.

Tesla is now planning to open a new factory, possibly in Texas or Oklahoma, and acknowledged to the *Wall Street Journal* that it is actively seeking government subsidies.<sup>2</sup> But as *Bloomberg Businessweek* reported, a recent study by economists concluded that there is little evidence that attracting a large company results in broader economic growth for localities.<sup>3</sup>

Across the U.S. state and local governments face financial catastrophe due to the economic impacts of the coronavirus, as they struggle to re-open schools and fund essential services.<sup>4</sup> Yet Tesla's billionaire CEO Elon Musk seeks another government handout, even though his wealth has grown by 48% in recent months to \$36 billion,<sup>5</sup> including a \$700 million payout in May, 2020.<sup>6</sup>

### NEVADA

In 2014, Nevada won a bidding war among states to attract Tesla's electric vehicle battery factory.<sup>7</sup> An audit found that Tesla has fallen \$1 billion short of the \$5.5 billion capital investment it was supposed to bring to the state by 2019 and it has fallen short on the number of jobs promised by over 2,000, the *Reno Gazette-Journal* reported.<sup>8</sup> The state's audit also found "the school district in the rural county where the Gigafactory is located would have reaped an additional \$63.5 million in revenue from 2017 to 2019 in the absence of tax incentives for Tesla," Bloomberg reported.<sup>9</sup>

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<sup>1</sup> In 2015, an analysis by the Los Angeles Times found that Elon Musk's companies had benefited from \$4.9 billion in government incentives. <https://www.latimes.com/business/la-fi-hy-musk-subsidies-20150531-story.html>

<sup>2</sup> <https://www.wsj.com/articles/elon-musk-says-incentives-costs-will-influence-site-of-new-u-s-tesla-factory-11583890306?mod=e2tw>

<sup>3</sup> <https://www.bloomberg.com/news/articles/2020-06-02/cities-offer-big-subsidies-for-tesla-as-tax-dollars-dry-up>

<sup>4</sup> <https://www.nbcnews.com/politics/politics-news/unprecedented-states-face-hundreds-billions-lost-revenue-nbc-news-finds-n1206316>

<sup>5</sup> <https://www.cnbc.com/2020/05/21/american-billionaires-got-434-billion-richer-during-the-pandemic.html> and <https://www.cnbc.com/2020/05/28/musk-gets-first-tranche-of-multimillion-dollar-tesla-incentive-payout.html>

<sup>6</sup> <https://www.forbes.com/sites/hayleycuccinello/2020/05/05/elon-musk-700-million-payday-tesla/#6c4ac2f51fff>

<sup>7</sup> <https://www.usatoday.com/story/money/cars/2014/03/02/tesla-gigafactory-four-states/5891757/>

<sup>8</sup> <https://www.rgj.com/story/news/politics/2019/07/22/nevada-bet-big-tax-deals-companies-like-apple-tesla-did-work-goed-sisolak-economic-development/1718892001/> and <https://www.bloomberg.com/news/articles/2020-06-02/cities-offer-big-subsidies-for-tesla-as-tax-dollars-dry-up>

<sup>9</sup> <https://www.bloomberg.com/news/articles/2020-06-02/cities-offer-big-subsidies-for-tesla-as-tax-dollars-dry-up>

Now, like many states, Nevada is facing fiscal hardship due to the coronavirus' impact on the state's economy and previous incentives to private companies like Tesla have eroded any financial cushion.<sup>10</sup>

Tesla has also disregarded local authorities. In 2019, after serious injuries to two workers at the battery factory, Tesla blocked Nevada OSHA inspectors from entering the plant. The inspectors arrived with a sheriff's deputy and a warrant signed by a Storey County judge but were not allowed past the guard shack. Before contempt proceedings could begin, Tesla pulled strings and had Nevada political appointees intervene on its behalf.<sup>11</sup>

## **NEW YORK**

New York has spent over \$950 million on a taxpayer-funded factory in Buffalo, where Tesla intended to build solar roofs.<sup>12</sup> However, the factory has been perennially behind schedule since its completion in 2014.<sup>13</sup>

In order to avoid paying a \$41.2 million penalty, Tesla has sought a waiver in 2020 on its commitment to create 1,460 jobs.<sup>14</sup> Panasonic had stepped in to support Tesla's efforts in 2016, but this year Panasonic announced it will be leaving, taking 400 jobs with it.<sup>15</sup>

Last year, the state entity that owns the factory on Tesla's behalf wrote down the value of the asset by \$884 million, a 92% drop.<sup>16</sup> A state audit found that the state, "will not likely receive the direct financial benefits associated with ownership of the manufacturing facility and equipment."<sup>17</sup>

Although the solar roof was announced more than three years ago, and Tesla collected deposits from future customers, it appears only a handful of roofs have been installed across the country.<sup>18</sup>

## **CALIFORNIA**

In recent years, various California state programs have poured hundreds of millions of dollars

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<sup>10</sup> <https://www.rgj.com/story/news/2020/05/14/nevada-pulls-401-million-rainy-day-fund-plug-gaping-budget-hole/5195696002/>

<sup>11</sup> "Ignoring Search Warrants and Pulling Strings: How Tesla Avoided a Full OSHA Inspection," Reno Gazette Journal, March 3, 2020

<sup>12</sup> Tesla needed to meet the job target by the end of April to avoid a \$41.2 million penalty from the state, which spent more than \$950 million to build and partially equip the South Park Avenue factory.

<sup>13</sup> <https://www.wivb.com/news/former-tesla-workers-paint-grim-picture-of-buffalo-plant/>

<sup>14</sup> <https://buffalonews.com/2020/04/30/tesla-to-seek-one-year-waiver-on-job-commitment-in-buffalo/>

<sup>15</sup> <https://www.democratandchronicle.com/story/news/politics/albany/2020/02/26/panasonic-drops-role-buffalo-solar-plant-tesla/4879049002/6y>

<sup>16</sup> <https://www.wsj.com/articles/new-york-state-writes-down-value-of-tesla-plant-in-buffalo-11573159578>

<sup>17</sup> <https://www.wsj.com/articles/new-york-state-writes-down-value-of-tesla-plant-in-buffalo-11573159578>

<sup>18</sup> <https://pv-magazine-usa.com/2020/01/25/photo-gallery-update-more-tesla-solar-roof-tile-installations-in-the-wild/>

into Tesla’s coffers, with around \$250 million in manufacturing and business incentives combined with state electric vehicle rebates of more than \$260 million.<sup>19</sup>

Tesla prematurely reopened its Fremont factory in defiance of Alameda County Health Department COVID-19 directives. Musk reopened the factory without authorization, calling Dr. Erica Pan, the County Health Officer with over 20 years specializing in infectious diseases – and an Asian-American woman – “ignorant.”<sup>20</sup>

The Fremont factory has been plagued for years with health and safety problems. In 2019, California’s OSHA cited the factory for omitting hundreds of injuries from official logs since 2015, Bloomberg reported.<sup>21</sup> CNBC reported that Tesla workers took shortcuts and endured harsh conditions to meet vehicle production goals.<sup>22</sup> Forbes reported that compared to other major US auto plants, Tesla has incurred more OSHA investigations and more fines – adding up to over \$230,000 over five years.<sup>23</sup>

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We all welcome the creation of safe, well-paying jobs in our communities. But there is no need for a billionaire entrepreneur to reach into the pockets of taxpayers. This is especially critical right now as state and local government treasuries have been devastated by the coronavirus pandemic.

Public officials’ discussions with Tesla should be open and transparent, and not shrouded in secrecy. It’s taxpayer dollars – and the health of our state – that are at stake.



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<sup>19</sup>California incentive programs benefiting Tesla include CAEATFA, GoBIZ and the Clean Vehicle Rebate Program.

<sup>20</sup> [kqed.org/news/11818938/tesla-reopens-but-battle-between-carmaker-and-alameda-county-isnt-over](https://www.kqed.org/news/11818938/tesla-reopens-but-battle-between-carmaker-and-alameda-county-isnt-over)

<sup>21</sup> [Tesla Sent Incomplete Injury Reports, California Regulator Says](#)

<sup>22</sup> <https://www.cnbc.com/2019/07/15/tesla-workers-in-ga4-tent-describe-pressure-to-make-model-3-goals.html>

<sup>23</sup> <https://www.forbes.com/sites/alanohnsman/2019/03/01/tesla-safety-violations-dwarf-big-us-auto-plants-in-aftermath-of-musks-model-3-push/#85a12e954ceb>