

Elon Musk Wins By Gaming the Subsidy Game



I'm with Bernie on the billionaires. Some of them are ruining the country. It's not those who use their own noggins to come up with ways to make money, whether by starting companies or investing wisely.

The ones who bug me are the ones who are rich off my tax dollars.

Elon Musk has [made a ton of money](#) on his own – and continues to. He founded X.com, an online payment company, with profits he made off the sale of Zip2, the

first online version of the Yellow Pages. X.com eventually merged with Confinity and became PayPal. Now, he's [worth \\$14.3 billion](#) and he's into space travel, solar panels and electric cars. His partners in these cutting-edge — but not-yet-profitable — industries are the taxpayers. None of these businesses profit, and none would exist without massive government subsidies.

Tesla, which makes electric cars, [struck a deal with Nevada](#) in 2014 to build a battery factory in Reno. The state gave Tesla \$1.3 billion in special incentives, including an exemption from paying property taxes for 20 years and \$195 million in transferable tax credits Tesla could sell for cash. That's 15 times the size of any previous package of incentives offered by Nevada and one of the largest giveaways in American history.

Gov. Brian Sandoval [says](#) the factory and the 6,000 jobs will “change the trajectory of this state, perhaps forever.” But was he bidding against himself? Where else would Musk have built it? Reno is easily accessible by rail and highway to Fremont, and Nevada has the only active lithium mines in the United States.

As for those tax credits, laws in 10 states require car companies operating in those states to sell a certain number of “zero emissions” vehicles. Since only electric cars qualify as “zero emissions” vehicles, and these companies don't, in general, make electric cars, they buy these tax credits from Musk. So far, Musk has made \$517 million in profit at taxpayer expense.

In addition, Tesla gets a 30 percent federal tax credit, which can be applied to any tax liability the company may incur. Thanks to tax credits and carry-forward losses, the company already hasn't paid any federal income tax since 2008. In 2014, it paid \$2.5 million in corporate taxes — \$178,000 to the states, \$2.35 million to foreign governments and a big fat zippy to Uncle Sam.

Since Tesla will be connected to the grid, it can sell [any excess renewable power](#) in its battery facility to the Nevada electric utility for 50 percent higher than wholesale. In fact, not only can Tesla sell excess

electricity at a premium, it buys it at discounts of 10 percent to 30 percent pursuant to its agreement with Nevada. Taxpayers pick up the cost of that discount by having \$1.84 added to their annual electricity bills.

In all, according to a 2015 [story in the Los Angeles Times](#), Musk has raked in \$4.3 billion in government money. SolarCity, the solar panel firm that operates out of office space abandoned by Solyndra, the poster child for crony capitalism in the Obama era, [got \\$300 million](#) in federal grants and tax incentives. SpaceX, the space travel firm, received \$5.5 billion in government contracts.

And then there's [Tom Steyer](#), another Californian who has learned to work the levers of power to his benefit but not ours.

He fashions himself the new Al Gore. He assails the Koch brothers as purveyors of evil for profit. But he has become America's largest political donor – he gave \$75 million to supposed green candidates in the non-presidential 2014 election and plans to give more this year. He gives so much money, in fact, that, according to the Wall Street Journal, [Democrats would rather lose control of the U.S.](#) Senate than cross him. And he's used that influence to do a number of things that benefited his bottom line.

He pushed through a measure to force California to use half renewable energy by 2050 – a boon for his green energy companies.

He supports President Obama and his move to crack down on consumer lending, but he engages in similar practices through [Kilowatt Financial, LLC](#), a company that finances solar panels at predatory rates. Even Democrats in Congress are asking how this differs from the practices that led to the subprime lending crisis.

He made much of his \$1.6 billion in estimated net worth from the sale of fossil fuels but now finds them irredeemably evil. He fought the Keystone XL pipeline, which would have carried tar sands from Alberta in western Canada to oil refineries on the Gulf Coast. But he so happened to [own stock](#) in a firm with a pipeline from the tar sands to the Pacific coast.

He haughtily promised his Farallon venture capital group would divest in fossil fuels – but kept those outside North America. Those he not only kept but sought to grow. He's had a long and prosperous relationship with Russian energy firms facilitated by his friends in the Obama administration.

He's up to his neck in the scandal that led to the resignation of Oregon Gov. John Kitzhaber, making payments to the governor's fiancée, Cylvia Hayes, a green energy advocate. And, despite his admonitions that others cut energy use to save the planet, he owns six huge homes and travels the globe constantly in Trumpian luxury.

Bernie is right that these guys are growing rich by making government's priorities their priorities rather than ours. He's right that games are being played that average people can't take part in. He's right that corporate cronyism is a huge problem in this country.

And his enemies in this — the folks most guilty — are closer than he probably thinks.