

Stop Elon Musk's Tax Money Gravy Train

Musk's SolarCity has become an albatross of waste, fraud, and abuse of taxpayer dollars.
by [David Williams](#)



From Enron to Bernie Madoff, at the end of every great American financial scandal, the totality of the perpetrators' greed seems to be matched only by the public's incredulity at how such a thing could be allowed to happen.

And thanks to Elon Musk, there's a good chance we may all be asking this question again soon.

The Senate Finance Committee and the House Ways and Means Committee **have launched a probe** into tax incentives paid to solar companies, according to the *Wall Street Journal*. The committee probes, led by their respective Republican chairmen, Rep. Kevin Brady of Texas and Sen. Orrin Hatch of Utah, have found an appropriate and disturbing target to begin this work.

SolarCity, a solar installation company set to be purchased by Tesla Motors Inc., is one of the seven companies named in the initial investigation.

Renewable Crony Capitalism

Already grossly subsidized, Musk's SolarCity has become an albatross of waste, fraud, and abuse of taxpayer dollars. As legitimate earnings and cash become even scarcer for SolarCity, its

entanglement in the Tesla empire suggests that a drastic reckoning is not only imminent but emboldening Musk to become more outlandish and reckless.



Notably, SolarCity is run by Musk's cousins, Lyndon and Peter Rive. During his chairmanship at SolarCity, Musk's family enterprise has taken in **billions of taxpayer dollars in subsidies** from both the federal and local governments. But the subsidies and sweetheart deals were not enough, as losses and missed projections continued to mount.

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Ultimately, rather than endure the embarrassment of collapse and further damage to the public image of Musk and Tesla, the cousins conspired to have Tesla simply purchase SolarCity this year. The conditions of the deal screamed foul play.

To say nothing of what sense it might make for an automaker to purchase a solar installation company, Tesla stockholders were being forced to absorb a failing, cash-burning company and pay top dollar to do so.

While cost-cutting and corporate restructuring should have been the priority for a company swimming in debt and burning through available cash, SolarCity, in fact, has been doubling down on the failed model of taxpayer support. The desperate thirst for handouts has manifested itself in some of the murkiest political waters imaginable.

Thanks to Musk's cozy relationship with New York Gov. Andrew Cuomo, a Democrat, the state has granted at least \$750 million of its taxpayers' money to SolarCity, building the company a factory and charging it only \$1 per year in rent.

It would be hard to imagine such an operation would not be lucrative for its shareholders. And **yet, somehow**, SolarCity has never made a profit.

How Extensive Is This Problem?

It's not just in New York. In this year's race for Arizona Corporation Commission, the state's public utilities overseers, only one outside group funneled cash into the contest.



All of the \$3 million donated by that group, Energy Choice for America, **came from SolarCity**. The beneficiaries are candidates who have signaled their willingness to be part of the "green machine" that greases the skids for lucrative government subsidies.

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Burning through taxpayer dollars, buying elections, and expanding a network of crony capitalism has become so inherent to the SolarCity model that \$3 million to a public commissioner's race, brazen though it may be, is only a drop in the bucket for Musk and SolarCity.

In 2013 alone, SolarCity received \$127.4 million in federal grants. The following year, in which it received only \$342,000 from the

same stimulus package, total revenue was just \$176 million and the company posted a net loss of \$375 million.

Despite an expansion of operations and claims to be the leader in the industry, SolarCity has never been able to survive without serious help from government subsidies and grants. The failure to responsibly turn taxpayer dollars into a profitable renewable energy provider has led to SolarCity's collapse into the welcoming arms of Tesla.

And with Tesla, SolarCity, in fact, will be right at home, compounding a disastrous shell game that Elon Musk is playing with government resources.

You're Paying to Keep Musk's Lights On

It has been widely reported that among SolarCity, Tesla, and the rocket company SpaceX, Elon Musk's confederacy of interests has gotten **at least \$4.9 billion in taxpayer support** over the past 10 years.

This is almost half of Musk's supposed net worth – taken from the pockets of American citizens and put into companies that can survive only by cannibalizing each other, spending without end, and promising that success is always just beyond the horizon and yet never arrives.

The American people are being taken on a ride by SolarCity, Tesla, and Musk. The ride is fueled by a cult of personality in Musk. And it costs billions of taxpayer dollars as he promises us not only the moon but to harness the power of the sun and send us all to Mars.

In the cases of Enron and Bernie Madoff, in the end, the cheated victims wished to have woken up sooner to the hubris that enabled

such a downfall – or at least that regulators had pulled their heads out of the sand before the full impact of the collapse was realized.

We've seen this story before and we know how it ends.

The congressional investigations underway are not only necessary but a signal that more must be done, and soon. We may not be able to help Elon Musk stop himself from failing again, but we certainly shouldn't be the ones to pay for it.

It's past time for the American people to stand up to Musk and demand that our legislators and other elected officials bring him back to earth before spending one more dollar of our money. He's wasted enough of it already.

Elon Musk Wins By Gaming the Subsidy Game



Justin Sullivan/Getty Images

by [BRIAN MCNICOLL](#) | 29 Jun 2016 | **105**

Gotta admit it, Elon Musk can make me feel the Bern.

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.

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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 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.

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