

Favoritism and cronyism rule supreme in California.

[CLICK HERE TO DOWNLOAD THE INVESTIGATION PROOF](#)

In one example, a State Office gave hundreds of millions of dollars to Tesla/Google/Solyndra, all bankrolled by the same people, took their campaign donations, and refused to give anybody else the same benefits. Here is more on that from the news:



NEWS RELEASE

CALIFORNIA STATE TREASURER BILL LOCKYER

FOR IMMEDIATE RELEASE
June 30, 2008

Contact: Tom Dresslar
916-653-2995

Treasurer Lockyer Announces Financial Incentive to Encourage Zero-Emission Vehicle Manufacturing in California *Tesla Motors Will Use New Policy to Build Electric Car in Bay Area*

SAN CARLOS State Treasurer Bill Lockyer today announced Tesla Motors, Inc. has decided to manufacture its second-generation electric car in California following the California Alternative Energy and Advanced Transportation Financing Authority's (CAEATFA) adoption of a policy that creates a financial incentive to build zero-emission vehicles (ZEVs) in the state.

"These vehicles can play a big part in helping California successfully implement its groundbreaking laws to fight climate change," said Lockyer, who chairs CAEATFA. "By offering this financial incentive, our goal is to ensure zero-emission vehicles realize their full potential in our state. In the bargain, we believe the policy will bolster our emerging green economy, create good-paying jobs and reduce our dependence on foreign oil. I'm very pleased the policy helped convince Tesla to build its high-performance electric cars in California."

"Today's announcement is great news for California, our economy and our environment," said Governor Arnold Schwarzenegger. "We want these cutting-edge companies not to just start in California and do their research and development here—we want them to build in California. Tesla's announcement today is just one of many we will celebrate as we implement AB 32 and reach our greenhouse gas emissions reduction goals. I have always said that we must protect our economy and our environment at the same time, and today it is clear that we are once again demonstrating to the world how to do that."

Existing law exempts CAEATFA from paying the sales tax on equipment used to manufacture advanced transportation products. Under the new policy – developed in coordination with the Governor's Office – CAEATFA will pass through that tax break to qualifying ZEV manufacturers under "sales-lease-back" agreements.

Tesla will ask CAEATFA to approve such an arrangement to finance the purchase of equipment to build its second-generation electric car, called the Model S. The five-passenger sedan – which will be able to travel 225 miles between charges and cost about \$60,000 – will be manufactured at a still-to-be-determined site in the Bay Area.

(MORE)

Here's how the sales-lease-back arrangements work:

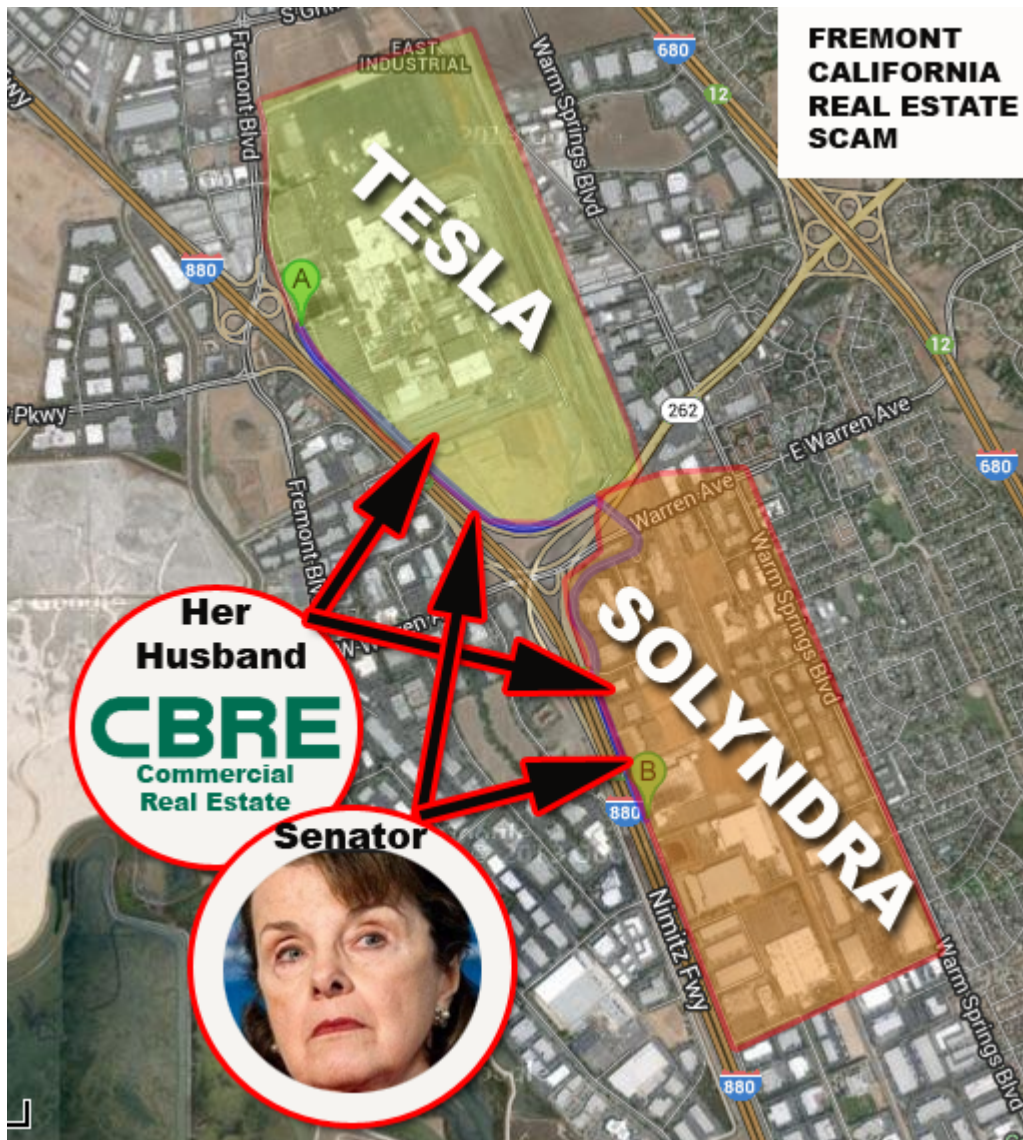
- A ZEV or ZEV component manufacturer applies to CAEATFA to have a project approved pursuant to the policy. If approved, CAEATFA buys the equipment, and finances the purchase by taking out a loan or selling bonds. CAEATFA does not pay the sales tax on the transaction. The manufacturer makes lease payments to CAEATFA for use of the equipment, and CAEATFA uses these payments to repay the bonds or loan.
- Under the lease arrangement with CAEATFA, the manufacturer has the option to purchase the equipment outright. If it purchases the equipment, the manufacturer obtains the benefit of the sales tax exemption, saving seven percent to nine percent on the purchase price.

The tax incentive policy approved by CAEATFA covers several ZEV technologies, and any qualifying ZEV manufacturer can apply. The eligible technologies include fuel cell electric vehicles, battery electric vehicles, plug-in hybrid electric vehicles, hydrogen internal combustion engines, advanced technology partial ZEVs and neighborhood electric vehicles.

CAEATFA finances transportation technologies that conserve energy, reduce air pollution, and promote economic development and jobs. Additionally, CAEATFA provides financing for facilities that use new and alternative energy sources and technologies.

###

After Lockyer gave the cash to Tesla and Solyndra, he cut off the program so that none of their competitors could get funded. He then got in a huge sex scandal and the other parties in the sex scandal have offered to "expose everything."



California is Not for Sale

California politicians to don donor logos if ballot initiative succeeds

Shock political campaign aims to make legislators' corporate and union sponsors known to voting public

by [Ben Piven @benpiven](#)

Altria. Chevron. AT&T. These names may seem like a random assortment of Fortune 500 and blue-chip U.S. corporations. But they are among the donors that gave the [most money to California state Assemblyman William Brough](#).

Of course, Brough is far from alone in accepting the financial help of corporate America when it comes

to fighting elections. But if a seemingly outlandish proposal by a local California lawyer gets onto the ballot, he will not be able to stay shy about those donating to his cause.

Nor will any other politician in the state. John Cox, an activist businessman, wants to require legislators to walk into their assembly chamber wearing the logos of their biggest sponsors.

The shock tactic aims to find its way onto the ballot for November, a goal that will be made possible by [gathering 365,880 signatures](#). That effort is already under way, after the state attorney general approved the text of the petition earlier this month. The nonprofit running the campaign, [California Is Not for Sale](#), has committed \$1 million for the project.

The group is also traveling the state with life-size cutouts for all 120 members of the California Senate and Assembly and one for Gov. Jerry Brown. Each cardboard politician's torso is adorned with his or her most significant backers, like NASCAR sponsors on a driver's racing suit.

"This will be on the ballot in 2016. That is our guarantee," the organization says on its website. "The only question is whether Californians will vote 'yes' or 'no.' We think that it will be 'yes' by an overwhelming majority."

The specific language of the petition mandates "stickers or badges displaying the names of their 10 highest campaign contributors" yet leaves the specifics to the [California Fair Political Practices Commission](#).

Ultimately, the purpose of the gimmick is to call attention to the role of vast sums of money in financing campaigns, at the state, local and federal levels. By increasing the transparency behind who has paid for politicians' races, voters theoretically would get a better idea about what happens to bills behind the scenes.

'Corrupt, broken, stupid'

Cox, who made his money in real estate, said he hopes to ride the coattails of the Bernie Sanders and Donald Trump campaigns, which he believes have shown immense voter frustration with the campaign finance system and intense corporate lobbying.

"This initiative hits home for Californians. There are better ways of maintaining the electoral structure," Cox told Al Jazeera. "What you have is a bunch of people who want something from government, so what they do is fund and staff the campaigns of politicians."

He cited the [example of Walmart](#), which he said is a major funder buying protection: "Many people in the legislature don't like Walmart because it's nonunion and would pass restrictions on Walmart opening up stores." He continued, "So Walmart provides funding for a bunch of politicians as a defensive measure."

The biggest [donors to statewide races in California](#) for the 2014 election cycle were [Kaiser Permanente](#) and [Anthem Blue Cross of California](#), pulling \$23 million and \$19 million, respectively. For the state races, Democrats actually received almost three times as much (\$145 million) as Republicans (\$52

million). Much of the health care lobbying was around Proposition 45, which would have [required insurance companies to provide public notice when raising rates](#).

Cox went on to fault a wide range of special interest groups rivaling big business with their spending, from public sector unions and prison guards to “home health workers lobbying for benefits, a higher salary and better work conditions.”

Just an ‘interesting’ idea?

After the gubernatorial and other executive positions in Sacramento, the leading recipient of donations in Assembly races was Sharon Darlene Quirk-Silva, who lost in the 5th District but received \$3.7 million, according to [FollowTheMoney.org](#), which is run by the National Institute on Money in State Politics.

Senate candidates Janet Nguyen and Luis Chavez both [spent in excess of \\$3 million](#). Such information is publicly available since it must be filed by candidates with the [California Secretary of State Political Reform Division](#). But being required to wear logos of corporate backers would be a whole new ballgame.

Edwin Bender, the executive director of the National Institute on Money in State Politics, which is based in Helena, Montana, described the Cox effort as “interesting idea, certainly, as the tide, hue and tenor over the debate on campaign finance increases during the [2016] election cycle.”

“It’s the kind of thing people organize around,” he said. “But I don’t see it having any real serious effect on politicians’ behavior.”

“You give money to incumbents. If not, you give to the winner or one who’s not the incumbent to influence people who are going to be making public policy decisions,” he said. “That is a truth, whether it is California, Montana or South Carolina.”

But legal challenges could eventually bring California Is Not for Sale to state court over First Amendment issues, even after a successful referendum obliging funding disclosure. Legal experts see any number of potentially troublesome aspects, including enforcement of compulsory speech, vague wording or due process.

Regardless, the property mogul behind the initiative is hopeful.

“It’s meant to capture the imagination of California voters,” Cox said, “to really understand what is going on in their state capital.”

Tesla Motors receives \$39 million in sales tax incentives from state



Elon Musk's Tesla Motors and SpaceX have been awarded a combined \$158.3 million in California sales tax incentives over the last six years.

(Tesla)



[Chris Kirkham](#) Contact Reporter

California State Treasurer [John Chiang](#) announced Tuesday that electric car maker [Tesla Motors](#) will receive \$39 million in sales tax incentives, marking a new round of government subsidies for a company that has become adept at using them to grow the business.

The tax incentives benefit advanced manufacturing and companies involved in alternative energy. Tesla has previously received more than \$89 million in incentives from the program for projects over the last six years. [Space Exploration Technologies Corp.](#), or SpaceX, also run by Tesla Chief Executive [Elon Musk](#), was awarded an estimated \$30.3 million from the initiative earlier this year.

Under the program, qualified companies are excluded from paying sales and use taxes on certain equipment purchases for up to three years. Musk's companies were the biggest beneficiaries of the

program, which awards up to \$100 million each year. Tesla applied for the most recent sales tax exclusion based on more than \$463 million worth of expected purchases related to the expansion of its Model S and Model X.

Tesla representatives did not respond to requests for comment.

Deana Carrillo, executive director of the economic development agency chaired by Chiang, said the program is designed to retain and expand the pool of high-paying jobs in advanced California industries. But she emphasized it's unlike controversial economic development programs that lure companies with cash grants.



[Model X: Under the hood of Tesla's SUV strategy](#)

"We're not writing anyone a check," Carrillo said. "We're the last dollar in. These guys have got to get their financing together, make their decision, buy their property, get ready to buy the equipment, and then we're giving them a benefit at the margin."

The California Alternative Energy and Advanced Transportation Financing Authority calculates whether the loss in sales taxes is worth the added benefits that come through additional property and income taxes if the company continues to expand and hire in the state, she said.

The large Tesla subsidy reflects the enormous expense entailed in manufacturing cars, Carrillo said, compared with other industries such as biogas that don't require as much equipment.

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She acknowledged, however, that the agency needs to get the word out more to smaller companies that may not be as experienced as Tesla at capitalizing on government incentives.

"One thing we're working on is letting the little guy know we exist," she said.

Since the sales tax exclusion program was launched by the Legislature in 2010, it has become increasingly popular and available to a growing number of industries, including manufacturers that use or process recycled materials.

Because of that popularity, the economic development authority for the first time has come up against an annual \$100-million cap set by the Legislature. Carrillo said the financing authority will ask the Legislature next year to remove or increase the annual cap on the incentives. Until then, all new

applications have been frozen.

chris.kirkham@latimes.com

CALIFORNIA HAS MORE BRIBERY AND KICK-BACK SCAMS THAN ANY OTHER STATE IN AMERICA!

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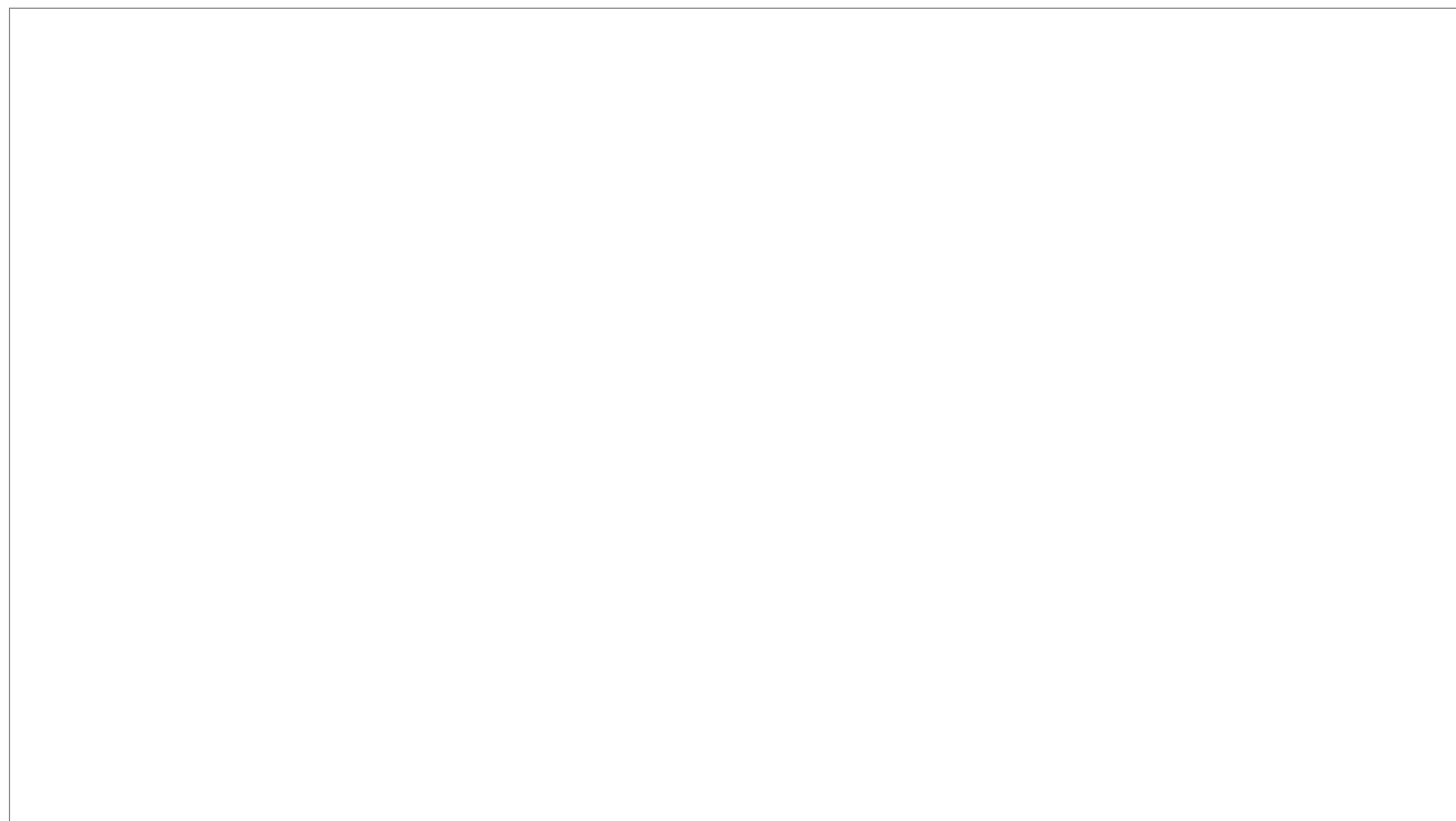
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Tesla tea bags \$15 million in new state tax credits



Tesla and its chief executive, Elon Musk, have become adept at tapping into local, state and federal sources of money to grow the business.

(Yuriko Nakao / Bloomberg)



[Charles Fleming](#) Contact Reporter

Tesla now claims to be the state's largest manufacturing employer

[Elon Musk's Tesla Motors](#) has won a fresh \$15-million tax break from the state of California. The company has said it will use the money to add more than 4,000 jobs to its Bay Area factories and plants -- enough jobs to make it the largest manufacturing employer in the state.

The California Governor's Office of Business and Economic Development (also known as GO-Biz) voted late Thursday to include Tesla among more than 60 companies that will share in an almost \$50-million tax break package.

Tesla and its chief executive, Elon Musk, have become adept at tapping into local, state and federal sources of money to grow the business.

A [recent L.A. Times analysis](#) of subsidies for all three companies headed by Musk -- Tesla, SolarCity SpaceX -- found that the company has received or secured commitments for \$4.9 billion in government support. The figure underscored Musk's strategy of incubating high-risk, high-tech companies with public money. Tesla accounted for almost half of the total.

The figure compiled by The Times comprises a variety of government incentives, including grants, tax breaks, factory construction, discounted loans and environmental credits that Tesla can sell. It also includes tax credits and rebates to buyers of solar panels and electric cars.



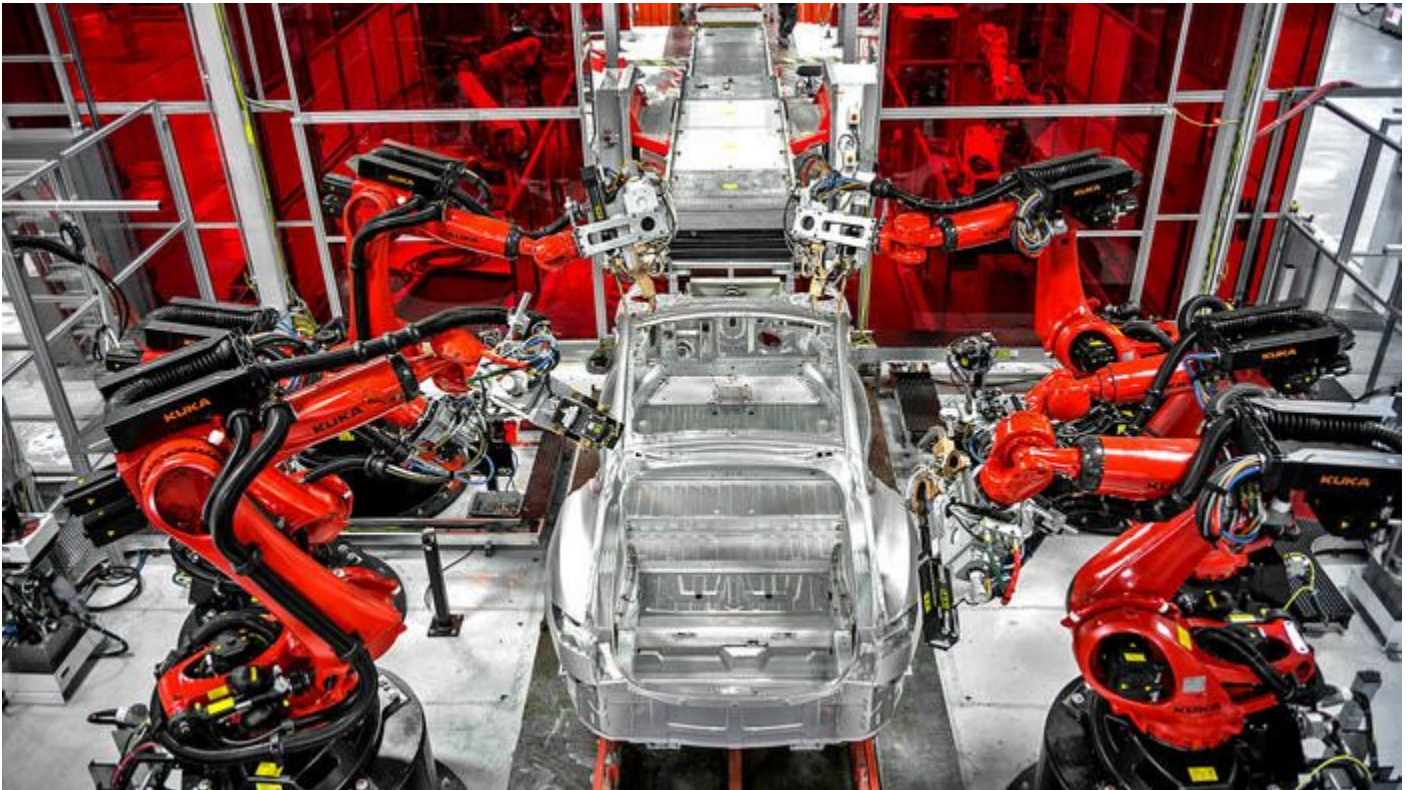
[Elon Musk's empire is powered by \\$4.9 billion in government subsidies](#)

This latest tax credit considered by California is tied to job creation. Companies can draw down the specific award amounts only after they hit employment milestones.

Tesla would get the full amount by creating 4,426 positions by 2019. The jobs must have a minimum annual salary of \$35,000 and an average salary of at least \$55,000. The contract calls for Tesla to collect \$10.5 million of the incentives in 2019, after it has hired most of the workers.

The company has already made most of the hires, according to Tesla. The state is measuring from a

base of about 6,500 jobs, but the automaker said Tuesday that figure is already out of date. It now has more than 9,000 workers in California.



(David Butow / For The Times)

That makes Tesla the state's largest manufacturing employer, said company spokesperson Ricardo Reyes.

The state committee also gave tax breaks to several Los Angeles based companies, as part of an overall \$49.8-million tax awards package.

Among the others was Riot Games, an online videogame developer, which will receive \$3 million. Santa Monica-based Beachbody will receive \$2.3 million. Manhattan Beach's Skechers shoe company is in line for \$1.1 million.

The committee approved credits for 63 companies, which together will create a projected 11,340 jobs and generate over \$3.4 billion in investment across California, the office said.

So far this year, including Thursday's tax breaks, the committee has awarded \$150 million to 212 California companies, which is projected to result in 30,000 new jobs.

Twitter: @misterfleming

Elon Musk's empire is powered by \$4.9 billion in government subsidies



During an event at Tesla's design studio in Hawthorne, Elon Musk introduces a line of batteries for homes and businesses.

(Jerome Adamstein / Los Angeles Times)



[Jerry Hirsch](#)

Tesla, other Musk ventures, have used an estimated \$4.9 billion in govt subsidies.

Los Angeles entrepreneur [Elon Musk](#) has built a multibillion-dollar fortune running companies that make electric cars, sell solar panels and launch rockets into space.

And he's built those companies with the help of billions in government subsidies.

[Tesla Motors Inc.](#), SolarCity Corp. and [Space Exploration Technologies Corp.](#), known as SpaceX, together have benefited from an estimated \$4.9 billion in government support, according to data compiled by The Times. The figure underscores a common theme running through his emerging empire: a public-private financing model underpinning long-shot start-ups.

"He definitely goes where there is government money," said Dan Dolev, an analyst at Jefferies Equity Research. "That's a great strategy, but the government will cut you off one day."

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[Three companies, \\$4.9 billion in government support](#)

A looming question is whether the companies are moving toward self-sufficiency — as Dolev believes — and whether they can slash development costs before the public largesse ends.

Tesla and SolarCity continue to report net losses after a decade in business, but the stocks of both companies have soared on their potential; Musk's stake in the firms alone is worth about \$10 billion. (SpaceX, a private company, does not publicly report financial performance.)

Musk and his companies' investors enjoy most of the financial upside of the government support, while taxpayers shoulder the cost.



[Tesla's Elon Musk and his big ideas: A brief history](#)

The payoff for the public would come in the form of major pollution reductions, but only if solar panels and electric cars break through as viable mass-market products. For now, both remain niche products for mostly well-heeled customers.

Musk declined repeated requests for an interview through Tesla spokespeople, and officials at all three companies declined to comment.

The subsidies have generally been disclosed in public records and company filings. But the full scope

of the public assistance hasn't been tallied because it has been granted over time from different levels of government.

New York state is spending \$750 million to build a solar panel factory in Buffalo for SolarCity. The San Mateo, Calif.-based company will lease the plant for \$1 a year. It will not pay property taxes for a decade, which would otherwise total an estimated \$260 million.

The federal government also provides grants or tax credits to cover 30% of the cost of solar installations. SolarCity reported receiving \$497.5 million in direct grants from the Treasury Department.

That figure, however, doesn't capture the full value of the government's support.

Since 2006, SolarCity has installed systems for 217,595 customers, according to a corporate filing. If each paid the current average price for a residential system — about \$23,000, according to the Union of Concerned Scientists — the cost to the government would total about \$1.5 billion, which would include the Treasury grants paid to SolarCity.

Nevada has agreed to provide Tesla with \$1.3 billion in incentives to help build a massive battery factory near Reno.

The Palo Alto company has also collected more than \$517 million from competing automakers by selling environmental credits. In a regulatory system pioneered by California and adopted by nine other states, automakers must buy the credits if they fail to sell enough zero-emissions cars to meet mandates. The tally also includes some federal environmental credits.

On a smaller scale, SpaceX, Musk's rocket company, cut a deal for about \$20 million in economic development subsidies from Texas to construct a launch facility there. (Separate from incentives, SpaceX has won more than \$5.5 billion in government contracts from NASA and the U.S. Air Force.)

Subsidies are handed out in all kinds of industries, with U.S. corporations collecting tens of billions of dollars each year, according to Good Jobs First, a nonprofit that tracks government subsidies. And the incentives for solar panels and electric cars are available to all companies that sell them.

Musk and his investors have also put large sums of private capital into the companies.

But public subsidies for Musk's companies stand out both for the amount, relative to the size of the companies, and for their dependence on them.

"Government support is a theme of all three of these companies, and without it none of them would be around," said Mark Spiegel, a hedge fund manager for Stanphyl Capital Partners who is shorting Tesla's stock, a bet that pays off if Tesla shares fall.

Tesla stock has risen 157%, to \$250.80 as of Friday's close, over the last two years.

Musk has proved so adept at landing incentives that states now compete to give him money, said Ashlee Vance, author of "Elon Musk: Tesla, SpaceX, and the Quest for a Fantastic Future," a recently published biography.

"As his star has risen, every state wants a piece of Elon Musk," Vance said.

Before his current ventures, he made a substantial sum from eBay Inc.'s \$1.5-billion purchase of PayPal, the electronic payment system in which Musk held an 11% stake.

Soon after, he founded SpaceX in 2002 with money from that sale, and he made major investments and took leadership posts at Tesla and Solar City.

Musk is now the chief executive of both Tesla and SpaceX and the chairman of SolarCity, and holds big stakes in all three, including 27% of Tesla and 23% of SolarCity, according to recent regulatory filings. The ventures employ about 23,000 people nationwide, and they operate or are building factories and facilities in California, Michigan, New York, Nevada and Texas.

Tense talks

The \$1.3 billion in benefits for Tesla's Nevada battery factory resulted from a year of hardball negotiations.

Late in 2013, Tesla summoned economic development officials from seven states to its auto factory in Fremont, Calif. After a tour, they gathered in a conference room, where Tesla executives explained their plan to build the biggest lithium-ion battery factory in the world — then asked the states to bid for the project.

Nevada at first offered its standard package of incentives, in this case worth \$600 million to \$700 million, said Steve Hill, Nevada's executive director of the Governor's Office of Economic Development.

Tesla negotiators wanted far more. The automaker at first sought a \$500-million upfront payment, among other enticements, Hill said. Nevada pushed back, in sometimes tense talks punctuated by raised voices.

"It would have amounted to Nevada writing a series of checks during the first couple of years," said Hill, calling it an unacceptable risk.

With the deal imperiled, Hill flew to Palo Alto in August to meet with Tesla's business development chief, Diarmuid O'Connell, a former State Department official who is the automaker's lead negotiator.

They shored up the deal with an agreement to give Tesla \$195 million in transferable tax credits, which the automaker could sell for upfront cash. To make room in its budget, Nevada reduced incentives for filming in the state and killed a tax break for insurance companies.

Nevada Gov. [Brian Sandoval](#) and Musk sealed the agreement in a Labor Day phone conversation. Hill said it was worth it, pointing to the 6,000 jobs he expects the factory to eventually create.

The state commissioned an analysis estimating the economic impact from the project at \$100 billion over two decades, but some economists called that figure deeply flawed. It counted every Tesla employee as if they would otherwise have been unemployed, for instance, and it made no allowance for increased government spending to serve the influx of thousands of local residents.

A \$750-million factory

Musk has similar success with getting subsidies for a SolarCity plant in Buffalo, N.Y. The company currently buys many of its solar panels from China, but it will soon become its own supplier with a new and heavily subsidized factory.

An affiliate of New York's College of Nanoscale Science and Engineering in Albany will spend \$750 million to build a solar panel factory on state land. SolarCity estimated in a corporate filing that it will spend an additional \$150 million to get the factory operating.

When finished in 2017, the 1.2-million-square-foot facility will be the largest solar panel factory in the Western Hemisphere. New York officials see the subsidy as a worthy investment because they expect that it will create 3,000 jobs. The plant will replace a long-closed steel factory.

"The SolarCity facility will bring extensive benefits and value to this formerly dormant brownfield that provided zero benefit to the city and region," said Peter Cutler, spokesman for Empire State Development, New York's economic development agency.

SpaceX, though it depends far more on government contracts than subsidies, received an incentive package in Texas for a commercial rocket launch facility. The state put up more than \$15 million in subsidies and infrastructure spending to help SpaceX build a launch pad in rural Cameron County at the southern tip of Texas. Local governments contributed an additional \$5 million.

Included in the local subsidies is a 15-year property tax break from the local school district worth \$3.1 million to SpaceX. Officials say the development still will bring in about \$5 million more over that period than the local school district otherwise would have collected.

"That's \$5 million more than we have ever seen from that property," said Dr. Lisa Garcia, superintendent of the Point Isabel Independent School District. "It is remote.... It is just sand dunes."

Crucial aid

The public money for Tesla and SolarCity factories is crucial to both companies' efforts to lower development and manufacturing costs.

The task is made more urgent by the impending expiration of some of their biggest subsidies. The federal government's 30% tax credit for solar installations gets slashed to 10% in 2017 for commercial customers and ends completely for homeowners.

Tesla buyers also get a \$7,500 federal income tax credit and a \$2,500 rebate from the state of California. The federal government has capped the \$7,500 credit at a total of 200,000 vehicles per manufacturer; Tesla is about a quarter of the way to that limit. In all, Tesla buyers have qualified for an estimated \$284 million in federal tax incentives and collected more than \$38 million in California rebates.

California legislators recently passed a law, which has not yet taken effect, calling for income limits on electric car buyers seeking the state's \$2,500 subsidy. Tesla owners have an average household income of about \$320,000, according to Strategic Visions, an auto industry research firm.

Competition could also eat into Tesla's public support. If major automakers build more zero-emission cars, they won't have to buy as many government-awarded environmental credits from Tesla.

In the big picture, the government supports electric cars and solar panels in the hope of promoting widespread adoption and, ultimately, slashing carbon emissions. In the early days at Tesla — when the company first produced an expensive electric sports car, which it no longer sells — Musk promised more rapid development of electric cars for the masses.

In a 2008 blog post, Musk laid out a plan: After the sports car, Tesla would produce a sedan costing "half the \$89k price point of the Tesla Roadster and the third model will be even more affordable."

In fact, the second model now typically sells for \$100,000, and the much-delayed third model, the Model X sport utility, is expected to sell for a similar price. Timing on a less expensive model — maybe \$35,000 or \$40,000, after subsidies — remains uncertain.

"Some may question whether this actually does any good for the world," Musk wrote in 2008. "Are we really in need of another high-performance sports car? Will it actually make a difference to global carbon emissions? Well, the answers are no and not much.... When someone buys the Tesla Roadster sports car, they are actually helping to pay for the development of the low-cost family car."

Next: Battery subsidies

Now Musk is moving into a new industry: energy storage. Last month, he starred in a typically dramatic announcement of Tesla Energy-branded batteries for homes and businesses. On a concert-like stage, backed by pulsating music, Musk declared that the batteries would someday render the world's energy grid obsolete.

"We are talking about trying to change the fundamental energy infrastructure of the world," he said.

Musk laid out a vision of affordable clean energy in the remote villages of underdeveloped countries and homeowners in industrial nations severing themselves from utility grids. The Nevada factory will churn out the batteries alongside those for Tesla cars.

What he didn't say: Tesla has already secured a commitment of \$126 million in California subsidies to companies developing energy storage technology.

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