

EXCLUSIVE

# Elon Musk's business empire is built on \$38 billion in government funding

Government infusions at key moments helped Tesla and SpaceX flourish, boosting Musk's wealth.



(Illustration by Anna Lefkowitz/The Washington Post; Alex Brandon/AP; iStock)

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Elon Musk and his cost-cutting U.S. DOGE Service team have been on a mission to trim government largesse. Yet Musk is one of the greatest beneficiaries of the

taxpayers' coffers.

Over the years, Musk and his businesses have received at least \$38 billion in government contracts, loans, subsidies and tax credits, often at critical moments, a Washington Post analysis has found, helping seed the growth that has made him the world's richest person.

The payments stretch back more than 20 years. Shortly after becoming CEO of a cash-strapped Tesla in 2008, Musk fought hard to secure a low-interest loan from the Energy Department, according to two people directly involved with the process, holding daily briefings with company executives about the paperwork and spending hours with a government loan officer.

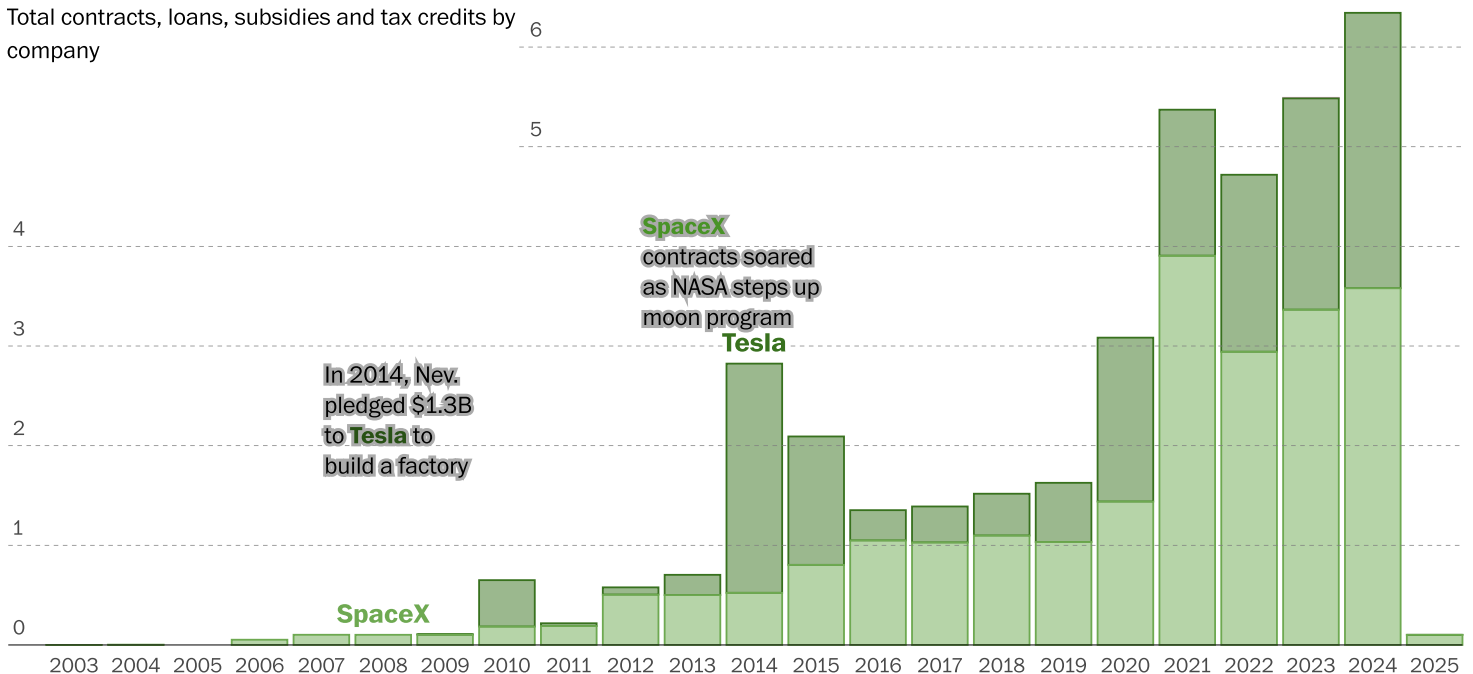
When Tesla soon after realized it was missing a crucial Environmental Protection Agency certification it needed to qualify for the loan days before Christmas, Musk went straight to the top, urging then-EPA Administrator Lisa Jackson to intervene, according to one of the people. Both people spoke on the condition of anonymity for fear of retribution.

Nearly two-thirds of the \$38 billion in funds have been promised to Musk's businesses in the past five years.

In 2024 alone, federal and local governments committed at least \$6.3 billion to Musk's companies, the highest total to date.

### Musk's companies have received billions from the government

Total contracts, loans, subsidies and tax credits by company



Note: Business Oregon committed nearly \$6 million to a third company, X Corp.

The total amount is probably larger: This analysis includes only publicly available contracts, omitting classified defense and intelligence work for the federal government. SpaceX has been developing spy satellites for the National Reconnaissance Office, the Pentagon's spy satellite division, according to the [Reuters news agency](#). The Wall Street Journal [reported](#) that contract was worth \$1.8 billion, citing company documents.

The Post found nearly a dozen other local grants, reimbursements and tax credits where the specific amount of money is not public.

An additional 52 ongoing contracts with seven government agencies — including NASA, the Defense Department and the General Services Administration — are on track to potentially pay Musk's companies an additional \$11.8 billion over the next few years, according to The Post's analysis.

Government contracts [to SpaceX from NASA](#) and the Defense Department make up the majority of funds. Tesla has earned \$11.4 billion in regulatory credits from federal and state programs aimed at boosting the electric-car industry, and experts say its sales have been bolstered by a federal \$7,500 electric-vehicle tax credit for consumers. Musk has [called for an end to that consumer credit](#), arguing his competitors need the incentive more than Tesla.

DOGE, which stands for Department of Government Efficiency, has sought to cut staff, slash budgets or cut contracts at all seven of the agencies where Musk's companies have ongoing contracts. That includes the General Services Administration, Defense Department and Transportation Department.

Musk's relationships with government agencies have at times been [mutually beneficial](#): His ventures have pioneered new markets that have advanced U.S. government goals, including space exploration and the expansion of electric vehicles. And while many of the government programs Musk has benefited from are open to others in the electric-vehicle industry, no other company has gone on to achieve Tesla's market dominance.

“Not every entrepreneur at this scale has been this dependent on federal money — certainly not Nvidia, not Microsoft, nor Amazon, nor Meta,” said Jeffrey Sonnenfeld, professor at the Yale School of Management, who noted that much of the funding has come during Democratic administrations. “With DOGE, there does seem to be a paradox there. He has been a big beneficiary of national industrial policy, especially Democrat industrial policy, through government funding.”

Government funding also provided key early infusions to Musk's ventures. NASA and the Defense Department nurtured SpaceX in its earliest years with contracts that helped it build infrastructure, while the agency tolerated the company's failure to meet required milestones on time, according to congressional investigators.

The \$465 million Energy Department loan, which arrived in 2010, helped fuel Tesla's meteoric rise: With that money, the company engineered and assembled its luxury electric sedan — the Model S — and bought a factory in Fremont, California, according to the agency. Tesla went public six months later.



A Tesla employee works on a Model S in Fremont, California, in 2015. (Jeff Chiu/AP)

“Tesla would not have survived without the loan,” said a former high-level Tesla employee familiar with the company’s finances, who spoke on the condition of anonymity for fear of retribution. “It was a critical loan at a critical time.”

Musk himself noted the challenges facing the company at the time, according to emails published by the Free Beacon, imploring Jackson, then the EPA chief, to help. “Tesla struggled for its life over the past year and then, just when we thought things would be alright, this issue came to light,” he wrote. “I am at your disposal 24/7,” Musk added, including his cellphone number.

Jackson declined to comment through a representative at Apple, where she now works. SpaceX, Musk and Tesla did not respond to requests for comment.

NASA spokeswoman Cheryl Warner said the agency has invested more than \$15

billion in SpaceX for its work on numerous space programs.

“NASA is working with partners like SpaceX to build an economy in low Earth orbit and take our next giant leaps in exploration at the Moon and Mars for the benefit of all,” Warner said in an email.

White House spokesman Harrison Fields said that Musk's business interests would not conflict with his work at DOGE. “Any contracts connected to Elon Musk's very successful companies will comply with every government ethics rule as it pertains to potential conflicts of interests,” Fields said in an email.

As much as Tesla executives valued the government support, Musk paid off the 2010 low-interest loan within a matter of years. In a 2013 news release announcing that he had done so, Musk thanked the Energy Department and Congress, and “particularly the American taxpayer from whom these funds originate.”

“I hope we did you proud,” he said.

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## Tesla flourished on a wave of state aid

Since its 2003 Silicon Valley founding, Tesla has benefited from billions in rebates and tax credits from California. The state's governor, Gavin Newsom (D), has claimed that “there was no Tesla without California's regulatory bodies, and regulation.” Tesla has said it invested more than \$5 billion in the state since 2016 and employed more than 47,000 people locally.

About a third of Tesla's \$35 billion in profits since 2014 has come from selling federal and state regulatory credits to other automakers. The credits are given to automakers that meet certain standards, including selling a certain percentage of zero-emission vehicles. Tesla is the largest seller of these credits to automakers that don't meet the standards and want to avoid paying a fine.

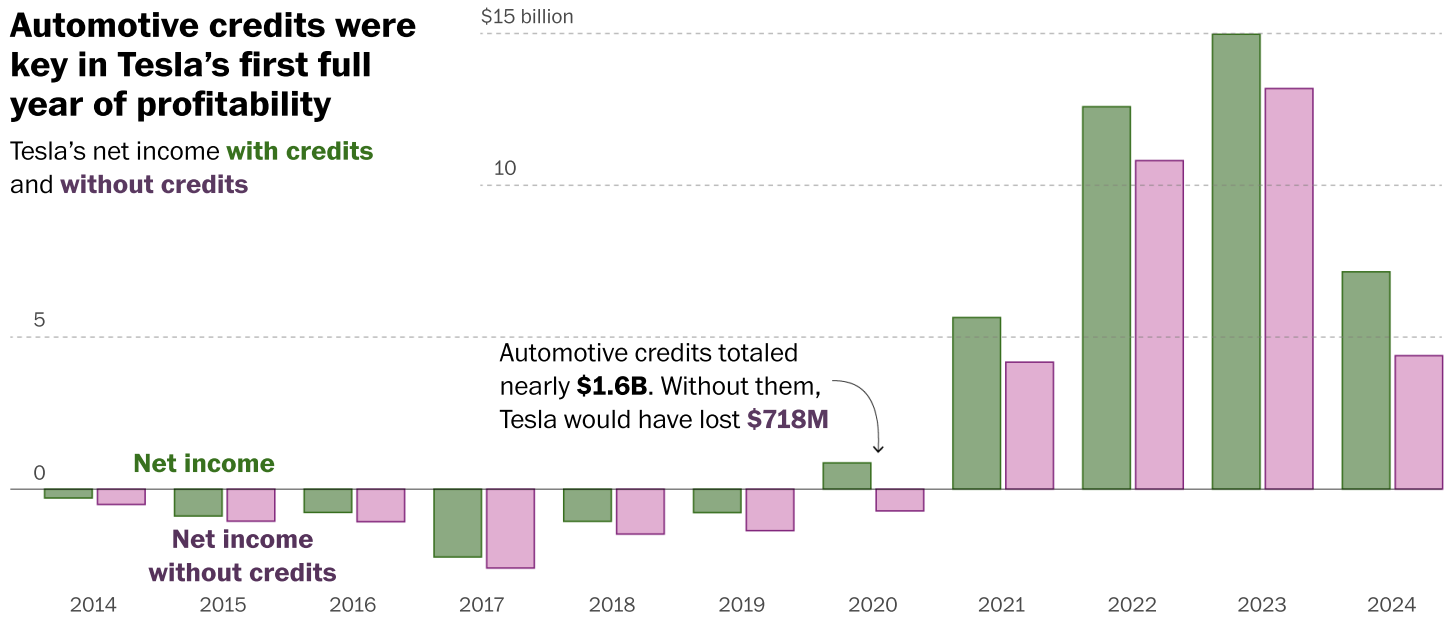
These credits played a crucial role in the company's first profitable quarter in 2013 and its first full year of profitability in 2020, according to Securities and Exchange Commission filings. Without the credits, Tesla would have lost more than \$700 million in 2020, marking a seventh-consecutive year with no profits, according to an analysis of SEC filings.

With the credits, the company instead reported a \$862 million profit.

While Musk has advocated for ending the EV tax credit for consumers, he has said little about these regulatory credits.

### Automotive credits were key in Tesla's first full year of profitability

Tesla's net income **with credits** and **without credits**



“They would have been totally in the red if it were not for the incentives,” said Alan Jenn, an assistant professor at the Electric Vehicle Research Center at the Institute of Transportation Studies. “That is the thing that has really kept them afloat.”

The company has also benefited from the \$7,500 federal tax credit for EV buyers, which helped make Tesla's cars — which can cost upward of \$80,000 — more affordable for consumers who may not have bought them otherwise.

Nearly a tenth of government money that has benefited Musk's companies comes from agencies in eight states, including California. Since 2007, state and local governments have given Musk companies at least \$1.5 billion in tax credits, grants and reimbursements, while various government agencies at multiple levels contributed another \$2.1 billion, much of it to drive the development of Tesla and the batteries it relies upon, according to data from the advocacy group Good Jobs First.

### Tesla's funding from federal, state and local agencies

Contracts, loans, subsidies and tax credits, 2007 to present

SOURCE	AMOUNT
<b>Automotive regulatory credits</b>	<b>\$11.4B</b>
Tesla sold credits to other automakers that did not meet the zero-emission vehicles standards established by federal and state governments.	
<b>Nevada Governor's Office of Economic Development</b>	<b>\$1.4B</b>

<b>Nevada (multiple sources)</b>	<b>\$1.3B</b>
Local and state governments' incentive package awarded to Tesla to build, with Panasonic, a battery "gigafactory" outside Reno.	
<b>New York (multiple sources)</b>	<b>\$750M</b>
Multiple New York state government agencies awarded money to Musk's SolarCity company.	
<b>Energy Department</b>	<b>\$471.3M</b>

[See more](#)

In Nevada, local and state governments awarded a \$1.3 billion incentive package to Tesla so the carmaker and Panasonic would erect a lithium battery "gigafactory" outside Reno, according to the state.

Not all the agreements met their goals. Under then-Gov. Andrew M. Cuomo (D), New York state ponied up \$750 million in 2014 incentives to Musk's SolarCity company, with Musk agreeing to invest heavily in production, bringing hundreds of high-end manufacturing jobs to Buffalo. Instead, hiring fell well below the state's expectations, and Musk had Tesla acquire the company two years later.

And despite receiving billions from the state of California, Musk relocated Tesla's headquarters from Palo Alto to Austin in 2021, citing unhappiness with the business environment.

In interviews, Musk has brushed off the company's dependence on subsidies, while acknowledging that the assistance helped accelerate the speed with which Tesla was able to grow.

"If I cared about subsidies, I would have entered the oil and gas industry," Musk told the Los Angeles Times in 2015.

Musk later railed against President Joe Biden's 2022 Inflation Reduction Act bill, even though it made Tesla reeligible for the \$7,500 electric vehicle tax credit: "I'm literally saying get rid of all subsidies," he said in a 2021 interview with the Wall Street Journal. "Tesla's made basically twice as many electric vehicles as the rest of [the] industry combined. And we don't need the \$7,500 tax credit."

Musk's support for slashing subsidies across "all industries" comes as Tesla dominates the U.S. electric-vehicle industry, according to a January Kelley Blue Book report, though its share has dropped in recent years. In response to a

question in July about what impact striking the tax credit and other incentives would have on Tesla, Musk — who donated at least \$277 million to Donald Trump's 2024 election campaign — said it would hurt the company in the short term but would be “devastating for our competitors.”

John Helveston, a professor at George Washington University who studies electric vehicles, said Tesla is a prime example of the success that can come from government investment in nascent industries, though government assistance alone does not guarantee success.

By pushing to cut subsidies across all industries, Helveston said, Musk is strangling a potential lifeline for smaller companies — and his competitors.

“Pretty much every aspect [of Tesla] has benefited from direct government subsidy or financing,” he said. “It's not a weird phenomenon for Tesla to benefit from this, but it is certainly hypocritical.”

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## NASA gave SpaceX boost

Musk's rocket company — which aimed from the beginning to put astronauts on Mars — received an early infusion from a major client: the Defense Department.

After founding SpaceX in 2002, Musk developed a close and at times adversarial relationship with NASA and the Defense Department. The company filed lawsuits and lobbied aggressively to gain access to government-funded space programs cornered by established aerospace giants Lockheed Martin and Boeing.

Although the company was founded with \$100 million from Musk's own fortune, SpaceX benefited from government advice and money long before it sent anything into orbit, according to public contract documents and statements from the company's leaders.

The Pentagon's specialized research arm, known as DARPA, started paying SpaceX in 2003 for early conceptual work.

### **SpaceX's funding from federal, state and local agencies**

Contracts, loans, subsidies and tax credits, 2003 to present, for SpaceX's rocket business and Starlink, its satellite internet service

SOURCE

AMOUNT

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<b>National Aeronautics and Space Administration</b>	<b>\$14.9B</b>
<b>Defense Department</b>	<b>\$7.6B</b>
<b>Export-Import Bank of the U.S.</b>	<b>\$106.1M</b>
<b>State Department</b>	<b>\$4.5M</b>

[See more](#)

The agency later agreed to purchase the inaugural launch of the company's first rocket, Falcon 1, which ended in failure in March 2006 when its engines stopped firing less than a minute into the flight. But the Pentagon signed on to support more launch attempts.

Though SpaceX had yet to successfully reach space, NASA awarded the company a \$278 million contract in 2006 as part of a program to ferry supplies to and from the International Space Station. Just months after SpaceX's Falcon 1 successfully reached orbit in 2008, NASA awarded the company a much larger, \$1.6 billion contract.

SpaceX had already started building its next rocket, Falcon 9, and NASA paid the company in installments for successive milestones and covered some engineering and development work, according to a NASA contract document.



SpaceX's Crew Dragon spacecraft and Falcon 9 rocket at NASA's Kennedy Space Center in Florida in 2018. (AP)

The company received hundreds of millions of dollars before Falcon 9 reached orbit. Moreover, NASA kept the money flowing although SpaceX repeatedly missed milestone deadlines by up to two years, [according to a 2011 report](#) from the Government Accountability Office, a congressionally funded watchdog agency.

The money helped SpaceX ramp up its infrastructure, allowing it to build and launch rockets for NASA and other clients. Falcon 9 became a keystone of SpaceX's business, launching about once every three days carrying a mix of government spy satellites, satellites for competitors and small satellites for the Starlink internet service that now accounts for the lion's share of SpaceX revenue, according to industry analysts.

In 2016, SpaceX's success in securing federal contracts prompted rival Jeff Bezos, founder of Blue Origin (and owner of The Washington Post), to say in a company meeting: "Elon's real superpower is getting government money," [The Post reported](#). "From now on, we go after everything that SpaceX bids on."

SpaceX, which reuses its rockets, is able to charge dramatically less than competitors for each launch, ultimately benefiting the Pentagon and NASA, analysts say. At an investment conference in November, SpaceX President Gwynne Shotwell acknowledged the company has received billions of dollars in U.S. government contracts, adding that the company has delivered. "We earned that," she said. "It's not a bad thing to serve the U.S. government with great capability and products."

Over time, some analysts say, SpaceX has become less dependent on government business as subscriptions for its Starlink internet service have boomed. The investment bank Morgan Stanley estimated in a January report that SpaceX made \$9.3 billion from Starlink in 2024 alone.

But SpaceX's [numerous launches](#) with classified cargo make it hard to accurately estimate the value of its black-budget contracts — or calculate how important government work is to the company's overall revenue, said American Enterprise Institute analyst Todd Harrison.

Shotwell, however, has credited NASA's early funding for building SpaceX, noting in a [2013 interview](#) at SpaceX's headquarters that the company would "probably be limping along" without the agency's support.

"I don't know what the world would look like without that program for SpaceX. It would look very different," she said. "We wouldn't have this beautiful factory;

we wouldn't have this lovely conference room with these incredibly comfortable chairs. Yes, this is as much NASA as it is SpaceX here.”

### About this story

Editing by Alexis Sobel Fitts and David Fallis. Data editing by Meghan Hoyer. Graphics editing by Kate Rabinowitz. Design editing by Christian Font. Copy editing by Carey L. Biron.

The Post identified direct and indirect government payments in the form of contracts, grants, loans and tax credits made to companies owned by Musk.

Government payments to Tesla Inc., its predecessor Tesla Motors, Space Exploration Technologies (known as SpaceX) and X Corp. were drawn from the federal spending tracker [USAspending.gov](#), the [Federal Procurement Data System](#) and [Good Jobs First](#), an organization that tracks federal, state and local grants, subsidies and tax credits, as well as filings from the Securities and Exchange Commission. These payments span more than 20 years: The first publicly available payment included is a 2003 contract between the Defense Department and Space Exploration Technologies. Payment records are updated through Feb. 18, 2025. The data includes more than 400 federal contracts, nearly 90 federal and local grants, more than two-dozen tax credits or property tax abatements, and six loans. California and Colorado have also reimbursed Tesla and SpaceX for employee training programs.

USAspending.gov data of government purchase contracts showed that \$22.5 billion was paid to Space Exploration Technologies and Tesla Inc. A small portion of this included reimbursements to outside companies for their subscriptions to Starlink internet services, which The Post has classified as revenue for Space Exploration Technologies. The Post also included a 2021 classified contract for \$1.8 billion from the Defense Department to Space Exploration Technologies based on [reporting by the Wall Street Journal](#).

To find the ongoing contracts in USAspending data, The Post identified those that had not reached their potential end date. The remaining value of the ongoing contracts is the amount that has yet to be completed and paid for.

Data from Good Jobs First includes payments made by various city and state governments, the Treasury Department and the Energy Department. Federal payments listed in Good Jobs First were included only if they were not listed in USAspending. Good Jobs First data accounted for nearly \$4.5 billion paid to Musk companies, including \$1.9 billion from state and local governments. Eleven payments from Arizona, California, Michigan and Texas are for undisclosed amounts, so are not in The Post's total.

Automakers of zero-emission vehicles receive federal and state government credits that can be sold to other manufacturers needing help to meet emissions targets. SEC filings show that Tesla earned \$11.4 billion from the sale of regulatory credits since 2014. While the government doesn't directly pay Tesla, federal and state laws allow electric-vehicle companies to profit from these sales. Tesla Inc.'s revenue and profits after taxes going back to 2014 were acquired from their publicly available SEC filings.

The Post searched USAspending.gov and the Good Jobs First databases for government payments to Neuralink and the Boring Company, two other Musk-owned companies, but