

High-end electric automaker sparks rumors about possible move to Austin

By John Egan - May 14, 2020



It appears Tesla has a crush on Texas. Courtesy photo

Governor Greg Abbott confirms Texas is in talks with Tesla Inc. about the automaker moving its headquarters from California to the Lone Star State. Austin officials are tight-lipped about the possibility of Tesla landing in the Capital City, though.

On May 13, Abbott retweeted a *Forbes* report about the Tesla talks, adding: “It’s true. Texas is a perfect fit for Tesla.” The *Forbes* story cites an interview Abbott gave to a Wichita Falls TV station.

“I’ve had the opportunity to talk to Elon Musk, and he’s genuinely interested in Texas and genuinely frustrated with California,” Abbott said in the May 12 interview. “We’ve just got to wait and see how things play out.”

Peeved about a coronavirus-mandated shutdown of production at Tesla’s factory in Fremont, California, CEO Elon Musk threatened May 9 to yank the automaker’s headquarters from nearby Palo Alto, and relocate it to Texas or Nevada.

“Frankly, this is the final straw,” Musk tweeted. “Tesla will now move its HQ and future programs to Texas/Nevada immediately.”

Since Musk posted that tweet, production at the Fremont plant has resumed. But he complains that the situation remains “super messed up.”

In February, Musk caused a stir when he hinted on Twitter that Tesla might open a factory in Texas, and later added to the mystery when he temporarily switched his Twitter location to “Austin, TX.”

Austin Mayor Steve Adler declined to comment on Tesla, as did the Austin Chamber of Commerce.

“We do not comment on prospective or ongoing economic development projects,” says Danielle Treviño, vice president of marketing and communications at the Austin Chamber of Commerce. “We’re always happy to work with companies that are interested in creating jobs for Central Texans.”

While local officials are mum about Tesla, Dallas Mayor Eric Johnson and Fort Worth Mayor Betsy Price have made unabashed overtures on Twitter in hopes of securing the automaker’s headquarters.

In response to Musk’s “final straw” tweet, U.S. Rep. Dan Crenshaw, a Houston Republican, wrote on Twitter: “Texas gets better every day. Good conservative principles make good governance, and attract the best and the brightest. The future is happening in Texas.”

John Boyd, principal of New Jersey-based corporate location consulting firm The Boyd Co. Inc., says it would “make perfect sense” for Tesla to consolidate its headquarters staff at a single site in Texas. Currently, the automaker’s corporate employees are scattered among three buildings in Palo Alto and Fremont, he notes.

More importantly, Boyd says, being based in the Lone Star State would enable Tesla to take advantage of Texas’ pro-business climate, lack of a state income tax, and central location in the U.S. A Tesla headquarters in Austin or Dallas-Fort Worth would enable corporate executives to easily travel to either coast, he notes.

“There’s a more important ‘executive time in transit’ factor than ever before, given all the uncertainties associated with air travel and the pandemic,” Boyd says.

As for Tesla setting up manufacturing operations in Texas, Boyd says the Austin-San Antonio corridor would be “a logical option.” A nearly 1,500-acre site in Hutto was a finalist for a \$5 billion, 6,500-job Tesla battery factory in 2014, and San Antonio is home to a Toyota truck manufacturing plant.

Aside from the Hutto site, Musk is quite familiar with Texas. He’s co-founder of Space Exploration Technologies Corp., or SpaceX, which designs, makes, and launches rockets and spacecraft. Hawthorne, California-based SpaceX operates rocket production facilities and launch sites near Waco and Brownsville. A government official in Hidalgo County, west of Brownsville, has publicly invited Musk to consider his area for Tesla’s headquarters.