Tesla is moving its headquarters to Austin, Texas

Tesla CEO Elon Musk said Thursday that the company is moving its headquarters from Silicon Valley to Austin, Texas, where it has been building a new factory for a little more than a year.

Musk said Tesla will continue to operate its electric vehicle factory in Fremont, CA, and that he even plans to try and increase production there by 50 percent. “Just to be clear, though, we will be continuing to expand our activities in California,” he said during the company’s annual shareholder meeting. “So this is not a matter of Tesla leaving California.”

The move means Tesla’s home will no longer be the state where its vehicles are the most popular; instead, Tesla will be headquartered in a state where it can’t legally sell its cars directly to consumers.

“this is not a matter of Tesla leaving California”
Musk had previously threatened to pull Tesla’s entire operations out of California in 2020, because of how vehemently he disagreed with the shelter-in-place orders the state used to help keep people safe early in the coronavirus pandemic. Tesla even sued the county that the company’s California factory is in as a form of protest.

Musk himself moved to Texas last year, as SpaceX dramatically increased its presence in the southern tip of the state. The Tesla CEO said at one point that he thought California had become too “complacent” with respect to its residents and businesses.

Tesla started building its next US Gigafactory outside Austin in 2020 and has made an incredible amount of progress in the intervening year. “We’re going to create an ecological paradise here.. on the Colorado River,” a reference to how the company plans to open up parts of the land it bought to the public. Musk said Thursday that Tesla is also looking at doing more “major installations” of battery storage like the one first reported by *Bloomberg* earlier this year.

Musk previously said that Tesla chose to build in Austin over other locations because employees were more willing to move there.

“There’s a limit to how big you can scale it in the Bay Area,” Musk said Thursday, adding that “it’s tough for people to afford houses [in California].” Tesla’s Austin location is also right near the local airport, which Musk said is convenient.

Tesla will be moving to Texas at a time when many businesses have found themselves under pressure to leave, after the state recently passed one of the most restrictive anti-abortion laws in the country. After the law was passed, Texas’ Governor Greg Abbott used Musk and Tesla as an example to try and prove this was not a trend during a CNBC interview. Abbott said in September that “Elon had to get out of California because, in part, of the social policies in California,” and that Musk “consistently tells me that he likes the social policies in the state of Texas.”

Musk responded to that clip in a tweet, saying he “believe[s] government should rarely impose its will upon the people, and, when doing so, should aspire to maximize their cumulative happiness.”

“That said, I would prefer to stay out of politics,” he added.

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