



Electronics and Information Technology Manufacturing Zone Program

Wisconsin Economic Development Corporation

2017 Wisconsin Act 58 created the Electronics and Information Technology Manufacturing Zone program that is administered by the Wisconsin Economic Development Corporation (WEDC). In April 2021, WEDC executed an amended and restated \$80.0 million contract with four corporations that are collectively referred to as “Foxconn.”

Beginning in 2018, statutes require us to annually evaluate for five years WEDC’s process for verifying information submitted by recipients of program tax credits, and whether WEDC adhered to statutory and contractual requirements when it verified the amount of program tax credits to award recipients as a result of their efforts to create jobs and make capital investments.

At the time of our fieldwork in early-December 2021, WEDC had not yet awarded program tax credits to Foxconn for creating jobs and making capital investments in 2020. Therefore, in this report we evaluated WEDC’s process. In a subsequent report, we will evaluate whether WEDC adhered to statutory and contractual requirements when it verified the amount of these program tax credits.

Foxconn may be awarded up to \$80.0 million in program tax credits over six years

The April 2021 contract establishes minimum numbers of jobs that Foxconn must create in order to be awarded program tax credits. Under this contract, Foxconn may be annually awarded program tax credits for creating jobs and for making capital investments from 2020 through 2024, and it may be awarded performance tax credits if it has created more than 1,163 jobs filled by eligible employees in 2024 and 2025.

Amounts of Program Tax Credits WEDC May Award Foxconn Under the April 2021 Contract

| Calendar Year | Minimum Number of Jobs ¹ | Tax Credits (in millions) |
|---------------|-------------------------------------|---------------------------|
| 2020 | 481 | \$29.1 |
| 2021 | 747 | 8.3 |
| 2022 | 918 | 6.3 |
| 2023 | 1,042 | 8.7 |
| 2024 | 1,163 | 17.7 |
| 2025 | 1,163 | 9.9 |
| Total | | \$80.0 |

¹ Foxconn must create a minimum number of jobs in order to be awarded program tax credits for a given year.

Although WEDC addressed our prior recommendations for modifying its procedures for awarding program tax credits, we make one new recommendation

We found that WEDC addressed all three recommendations we made in report 20-27, including by modifying its written procedures to indicate that it will award program tax credits for only the wages paid to employees for services performed in Wisconsin and that it will award program tax credits without regard to the residency of these employees.

In October 2021, we found that WEDC's written procedures for calculating performance tax credits differed from provisions in the April 2021 contract. After we pointed out these differences, WEDC indicated that it planned to revise its written procedures in December 2021. We recommend that WEDC modify its written procedures to specify that it will award performance tax credits based on provisions in its April 2021 contract. Doing so will ensure that Foxconn is awarded the correct amounts of performance tax credits for the numbers of jobs filled by eligible employees in 2024 and 2025.