

FOXCONN IN WISCONSIN

WISCONN VALLEY

FACTS AND FIGURES

OVERVIEW

With 13,000 jobs and a capital investment of **\$10 billion**, Foxconn's investment in **Wisconsin** is by far the state's largest economic development project and is the largest corporate attraction project in U.S. history as measured by jobs.

The project will be one of the **largest greenfield investments** by a foreign-based company in U.S. history as measured by jobs.

With a floor area of **20 million sq. feet**, the Foxconn campus will be large enough to hold **11 Lambeau Fields**. It will become one of the **largest manufacturing campuses in the world** — eclipsing the New Century Global Center in Chengdu, China, the Tesla Gigafactory in Sparks, Nevada, and the Boeing facility in Everett, Washington.

Foxconn's investment will create the first liquid crystal display (LCD) manufacturing facility in North America and the only one globally that is not located in Asia.

EMPLOYMENT

Once the Foxconn complex is fully operational, it will employ **13,000 workers**. That means if Foxconn were a municipality, its population would be larger than 96% of the cities, towns and villages in the state.

The jobs will have an average **salary of \$53,875**, plus benefits.

The number of Foxconn employees will equal the population of each of these communities: Glendale, Fort Atkinson, Stoughton, Waunakee, Hudson and Chippewa Falls.

SIZE OF FACILITY

The entire Foxconn complex will be located on at least **1,000 acres** of land — or about **1.56 sq. miles** — the same geographic size as Sauk City; Junction City; the Town of Madison; Cambridge; Minong; Winneconne; Weyauwega; Belleville; Crivitz; and Shorewood.

At **20 million sq. feet**, the campus will also will be:

- Three times the size of the Pentagon.
- Four times the size of the Chrysler Headquarters and Tech Center in Detroit.
- Five times the size of the Boeing plant in Everett, Washington
- Bigger than the world's largest airport, the Dubai International Airport

ECONOMIC IMPACT OF FOXCONN IN WISCONSIN CONSTRUCTION PHASE IMPACT

The project will require an estimated **\$10 billion** of capital investment to construct and equip the facility. Of this, an estimated **\$5.7 billion** will be for construction and equipment sourced from **Wisconsin** businesses.

The project will support **10,000 construction jobs** over each of the next four years as well as **6,000 indirect jobs** from the construction.

The capital investment during construction is expected to generate **\$348 million** in state and local tax revenues.

ONGOING ECONOMIC IMPACT

In addition to the **13,000 jobs** directly created by Foxconn, the project is expected to create at least **22,000 indirect and induced jobs** throughout the state.

Foxconn is to make **\$4.26 billion** in supplier purchases annually, about one-third of which will be sourced within **Wisconsin**.

The project is expected to have at least a **\$7 billion** annual economic impact on the state.

The project will generate an estimated **\$181 million** in state and local tax revenues annually, including **\$60 million** in local property taxes.

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FAQs

Who is Foxconn and what kind of jobs are they bringing to Wisconsin?

- Foxconn is locating in Wisconsin and will create 13,000 new jobs and invest \$10 billion.
- Foxconn specializes in design, manufacturing and assembly of global computer and high-tech consumer electronics products. The company is well known as the assembler of iPhones.
- Foxconn has chosen Wisconsin to build a new high-tech manufacturing and technology campus to build Liquid Crystal Displays (LCD). This will be the first LCD facility of any kind in North America and will manufacture LCD screens that will be used in everything from self-driving cars to aircraft systems and in the fields of education, entertainment, health care, safety and surveillance.
- The campus will employ thousands of engineers and skilled workers.
- The average wage will be **\$53,875** per year plus benefits.

Where will this be located?

- Foxconn is evaluating multiple sites in southeast Wisconsin to build the plant.
- Businesses all over Wisconsin will benefit from the supply chain needs of Foxconn.

When will this happen?

- Hiring, permitting, planning and construction are set to begin immediately.
- Foxconn plans to be operational in 2020.

What will the legislation look like?

- A special session of the legislature will be called to pass an incentive package necessary for Foxconn to locate in Wisconsin over several other states.
- The tax credit incentives are tied to actual performance. No credits will be given if Foxconn fails to invest capital or create jobs.
- Foxconn will be eligible to earn incentives based on their actual job creation and capital investment. Similar to the construction of the Milwaukee Bucks arena, Foxconn will be eligible for a sales tax holiday for the purchase of construction materials.
- The incentives are projected to cost between \$200 million and \$250 million a year. Once the company is fully staffed, Foxconn's payroll will be an estimated **\$700 million** a year.
- The maximum amount of credits Foxconn will be eligible to earn is \$3 billion over 15 years:
 - Up to \$1.5 billion in state income tax credits for job creation
 - Up to \$1.35 billion in state income tax credits for capital investment
 - Up to \$150 million for the sales and use tax exemption (sales tax holiday)

How is this transformational?

- Foxconn is bringing the future of manufacturing to the U.S., and Wisconsin will be the leader. The technology of the future will be discovered and built in Wisconsin.
- This project will have an impact not just on southeastern Wisconsin but on the entire state. Foxconn will have significant supply-chain needs that will create new opportunities and open new markets to companies in numerous industries throughout the state.

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Will Foxconn follow through? What if they don't come or don't hire as many people as promised?

What if they leave?

- There will be a memorandum of understanding that will outline the terms of the incentives based on expected job creation and capital investment.
- WEDC will underwrite the transaction using the legislative action as guidelines. The agreement will be subject to approval by the WEDC Board of Directors and the satisfactory negotiation of a contract between WEDC and Foxconn.
- Because the incentives are tied to actual performance, Foxconn can only earn the maximum amount of incentives if they fulfill the proposal to create **13,000 new jobs** at an average salary of **\$53,875** and spend **\$10 billion in Wisconsin**.
- The contract with Foxconn will contain clawbacks that will require the company to pay back tax credits if the jobs and investment are not kept in Wisconsin.

How does this compare to others in the U.S.?

- This is by far the largest economic development investment in the history of Wisconsin. This also is the largest corporate attraction project in U.S. history as measured by jobs, and the largest greenfield project – as measured by jobs – involving a foreign-based company in U.S. history. This more than a single facility or company. This is a once-in-a-century investment that will create a new high-tech manufacturing and technology ecosystem in the United States, with Wisconsin serving as the leader.
- Other job creating investments of this magnitude have received similar incentives from other states. Boeing, Alcoa, GM, and Ford have all received incentives between **\$1 billion and \$8 billion** from Washington, New York or Michigan for fewer jobs.

Local Improvements

- The Tax Incremental Financing District tools available to the municipality where this is located will be expanded to ensure there is capital available for local infrastructure.

It's already hard to find employees in Wisconsin. Won't this make our worker shortage worse?

- **Wisconsin is ready.** Foxconn chose Wisconsin because we have a strong workforce, a top 10 business climate, and world-class educational institutions.
- Talent is attracted to opportunity, and Wisconsin will be able to keep our skilled workforce here and attract top talent from around the country.
- Given the size of the company's investment and the nature of the jobs, Foxconn will attract employee interest from the Midwest, the United States and around the world.
- Opportunities such as this are the reason the administration has made workforce development a top priority. Investments in workforce readiness and entitlement reform will make sure everyone who is able to work can get the skills they need to enter the workforce. The state also plans an aggressive talent retention and marketing effort to ensure Wisconsin businesses are able to take advantage of the opportunities Wisconsin offers. Education at every level, from K-12 to tech schools to higher education, will need to prepare students for the next generation of high-tech manufacturing jobs that Foxconn and its supply chain are bringing to Wisconsin.

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BACKGROUND

WISCONSIN has been selected as the location for Foxconn's first U.S. production operation, the scope of which will be unprecedented in scale. The project is by far Wisconsin's largest economic development project and is the **largest corporate attraction project in U.S. history** as measured by jobs.

- The project also will be the **largest greenfield investment** by a foreign-based company in U.S. history as measured by jobs.
- Foxconn plans to invest **\$10 billion** in Wisconsin over the next six years. The company will construct a manufacturing campus comprising multiple buildings totaling 20 million sq. feet to produce liquid crystal display (LCD) panels for a variety of industries – from automotive to health care to entertainment. This will be the first LCD factory in the U.S., and the only one globally that is not located in Asia. Currently, LCD panel glass fabrication plants only exist in four countries: Japan, Taiwan, China and South Korea.
- Foxconn expects to **hire 13,000** people in Wisconsin – thousands of whom will be engineers and skilled workers – over the next six years. This figure does not include jobs generated by an estimated **150 suppliers**, nor multiplier jobs that would ripple across the region and state.
- After considering locations in several states, company officials chose Wisconsin for a variety of reasons:
 - The state's strong manufacturing legacy (Wisconsin continues to have the second highest percentage of manufacturing employment among U.S. states)
 - Wisconsin being a Top 10 state for doing business because of our public policy measures, including right-to-work and the Manufacturing and Agriculture Tax Credit
 - The state's ability to develop skilled workers through the University of Wisconsin System, the Wisconsin Technical College System and other educational institutions

- Available real estate needed to secure this massive investment
- Proximity to Milwaukee and Chicago, a region that has a population of more than 10 million
- Beyond the numbers, the Foxconn opportunity represents something larger: the return of electronics manufacturing to the U.S. from Asia. Foxconn's investment will change the economic landscape in Wisconsin and establish our state as the electronics manufacturing capital of North America. Wisconsin has established its place in the 21st Century digital economy.

ABOUT THE COMPANY

- Foxconn Technology Group is the global leader in manufacturing services for the computer, communication and consumer electronics (3C) industry.
- Headquartered in Taiwan, Foxconn helps build products for many of the leading U.S. and international brands and household names in electronics. Foxconn also contributes to the development of a vibrant global 8K-5G ecosystem, which is supported by the company's vertically integrated "silicon to solution" portfolio and supply chain, to deliver intelligent display technology and solutions for use in all aspects of smart lives.
- Terry Gou founded the company in 1974 with \$7,500, a devotion to integrating expertise for mechanical and electrical parts and an uncommon concept to provide the lowest "total cost" solution to increase the affordability of electronics products for all mankind.
- Foxconn generated total annual revenue of \$141 billion in 2015 and was ranked No. 27 on the 2017 Fortune magazine Global 500.
- Foxconn also is a leader in research and development, focusing on the fields of nanotechnology, heat transfer, wireless connectivity, material sciences, and green manufacturing process. The company has several research centers and testing laboratories and has received more than 55,000 patents worldwide.
- The company has facilities in Asia, Brazil, Europe and Mexico. The Wisconsin facility will be its first significant investment in the U.S.

STRONG BUSINESS GROWS IN WISCONSIN.[®]

Wisconsin's population: 5,784,537

Employed residents: 3,236,752

Business Friendly Environment

- Wisconsin's Manufacturing & Agriculture Tax Credit virtually eliminates the tax on income from manufacturing activity in the state. The effective corporate tax rate for manufacturing and agricultural activities is just 0.4 percent.
- Wisconsin's Business Development Tax Credit (BTC) Program supports job creation, capital investment, training and the location or retention of corporate headquarters by providing companies with refundable tax credits that can help to reduce their Wisconsin state income tax liability or provide a refund.

Industrial Sector

- Manufactured goods account for 84% of all Wisconsin exports (U.S. Census Bureau data as reported by Global Trade Information Services), with \$55 billion of output (Bureau of Economic Analysis), demonstrating a healthy worldwide demand for products and technologies originating in the state.
- In partnership with manufacturers across the state, the University of Wisconsin System has achieved center-of-excellence status for more than 100 programs geared toward maximizing the state's manufacturing capabilities. The statewide economic impact of these centers of excellence is \$15 billion per year, underscoring the value they add to Wisconsin's manufacturing industry.

Infrastructure

- Wisconsin recently invested \$10 billion in local highways, making the region a major distribution hub for a variety of companies, including Amazon.
- Milwaukee's Mitchell Airport and Chicago's O'Hare (75 minutes from Milwaukee) offer frequent flights to national and global destinations.
- An extensive rail network and proximity to Chicago make it easy and cost-effective to move goods.



Workforce

- With more than 460,000 manufacturing jobs in Wisconsin, the state's manufacturing job concentration is 84% above the national average (Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Annual 2014 Employment).
- From 2010 to 2014, Wisconsin achieved 7.3% growth in manufacturing employment – compared to the nation's 5.8%. (Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Annual 2014 Private Employment)
- Wisconsin has the second highest manufacturing concentration of any state in the nation with 17% manufacturing employment. (Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Annual 2014 Private Employment)
- Investments in workforce readiness and entitlement reform will make sure everyone who is able to work can get the skills they need to enter the workforce.
- Currently, more than 31% of Wisconsin residents have a high school diploma, 21% have some college education, 10.5% have an associated degree, nearly 19% have a bachelor's degree and 9.4% have a graduate degree.



**WISCONSIN ECONOMIC
DEVELOPMENT CORPORATION**

For more information, visit inwisconsin.com or contact
Mark Maley from the Wisconsin Economic Development Corporation
608.210.6706 mark.maley@wedc.org