



## 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.” If Foxconn creates contractually specified jobs and makes contractually specified capital investments, WEDC will award it up to \$80.0 million in program tax credits over the six-year contract period from January 2020 through December 2025.

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. In report 21-21, we evaluated WEDC’s process for verifying the information submitted by recipients of program tax credits and recommended that WEDC modify its written procedures for awarding program tax credits. In this report, we evaluated whether WEDC adhered to statutory and contractual requirements when it verified the amount of program tax credits to award to these recipients.

### **WEDC adhered to statutory and contractual requirements when it verified the program tax credits that it awarded to Foxconn in December 2021**

The April 2021 contract establishes that Foxconn needed to create at least 481 jobs filled by eligible employees at the end of 2020 in order to be awarded any program tax credits for 2020. WEDC determined that Foxconn had created 579 such jobs. After Foxconn creates jobs or makes capital investments in a given year, WEDC determines the amount of program tax credits to award in subsequent years. Foxconn was contractually eligible to be awarded up to \$29.1 million in program tax credits for creating jobs and making capital investments in 2020.

In late-December 2021, WEDC awarded Foxconn \$28.8 million in program tax credits for creating jobs and making capital investments in 2020. WEDC did not award Foxconn \$0.2 million in available tax credits because Foxconn did not make sufficient capital investments. These unawarded program tax credits will carry forward and may be awarded in future years if Foxconn makes sufficient capital investments in those years.

**Amounts of Program Tax Credits That WEDC Awarded to Foxconn  
for Creating Jobs and Making Capital Investments in 2020<sup>1,2</sup>**

Under the April 2021 Contract

	Tax Credits (in millions)	
	Available to Award	Actually Awarded
Job Creation	\$ 2.2	\$ 2.2
Capital Investment	26.9	26.6
<b>Total</b>	<b>\$29.1</b>	<b>\$28.8</b>

<sup>1</sup> Foxconn needed to create at least 481 jobs in order to be awarded program tax credits for 2020.

<sup>2</sup> WEDC awarded the program tax credits to Foxconn in late-December 2021.

We reviewed the information that WEDC provided us on how it verified the amount of program tax credits it awarded to Foxconn for creating jobs and making capital investments in 2020. We found that WEDC followed its written procedures when it verified this information.