



Wisconsin State Legislature

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September 15, 2017

Understanding What Foxconn Means for Wisconsin

The prospect of a new industry coming to Wisconsin, employing thousands of people and supporting growth in other businesses is exciting. It will help to strengthen and grow our state's manufacturing sector and transform it to meet the needs of the twenty-first century and beyond. This is the potential that a Foxconn Technology Group (Foxconn) factory brings to Wisconsin. To encourage them to choose our state rather than another U.S. location, Governor Scott Walker's administration is proposing an incentive package that would provide a maximum of \$2.85 billion in tax credits in exchange for Foxconn's investment of \$10 billion to build a facility in Wisconsin and the creation of as many as 13,000 new jobs. The tax credits are "pay as you go" credits, so Foxconn would not receive all \$2.85 billion unless it creates all 13,000 jobs.

Foxconn is a Taiwanese company that makes LCD screens, among other things. They are the fourth largest technology company in the world, employing over one million people. Foxconn is proposing to bring an 8K liquid-crystal-display manufacturing plant to Wisconsin. It would be the first LCD manufacturing plant in the United States. With a projected floor area of 20 million square feet, the campus would be as large as Weyauwega, and would be one of the largest manufacturing campuses in the world.

Jobs at the Foxconn facility are expected to pay an average of \$53,875 plus benefits. What's more, analysts predict that a Foxconn plant in Wisconsin will generate \$83 billion in new economic activity over the next 15 years. This new economic activity encompasses more than just the Foxconn plant. It also includes as many as 150 Foxconn suppliers that would set up, or expand, operations near the new assembly plant creating 22,000 indirect and induced jobs.

The proposed incentives include a payroll tax credit and a construction tax credit. These tax credits would be paid out as employees are hired and construction is completed. The state's risk is managed by capping each incentive at a certain dollar amount, \$1.5 billion for the payroll tax credit and \$1.35 billion for the construction tax credit. In addition to the tax credits, the state is proposing changes to a number of different sections of statutes to encourage Foxconn to locate in the state. One of the changes would allow the facility to be built without the completion of an environmental impact statement. While this has raised concerns, it is important to note that state wastewater, air pollution, and hazardous material laws and regulations, as well as federal wetland protection laws, will still be in place.

The Joint Finance Committee (JFC) amended the Foxconn bill to enhance accountability for both parties. I voted for the amendment and for the bill. The JFC amendment would require the Legislative Audit Bureau to annually evaluate how the Wisconsin Economic Development Corporation (WEDC) is verifying information sent to it by Foxconn in order to qualify for the tax credits. The amendment would also require WEDC to establish hiring goals and tie payment of the tax credits to Foxconn's ability to meet those goals. The intention of this provision is to encourage Foxconn to hire Wisconsin workers. This addresses a concern raised that workers from other states might benefit from Foxconn coming to Wisconsin.

I believe that a Foxconn manufacturing campus in Wisconsin will be a catalyst for further economic development in a new sector of manufacturing, harnessing the state's rich manufacturing heritage and paving the way for future innovation. There is no question that trying something new and bold carries an amount of risk with it, but I believe that the state's risk is managed by tying the tax credits to job development and by the additional accountability measures added by the Joint Finance Committee.

If you have any questions about any of the information I have included or if you have suggestions on other topics or issues you would like learn more about, you may call my office toll-free at (800) 991-5541; write me at P.O. Box 7882, Madison, WI 53707; or e-mail me at: Sen.Olsen@legis.state.wi.us. You can also sign up for our newsletter at our website: <http://www.legis.state.wi.us/senate/sen14/news/index.htm>.

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