

Renegotiated Foxconn Contract to Save Taxpayers \$2.77 Billion

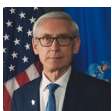
Written by GOV Press Wisconsin
Wednesday, 21 April 2021 09:51

<http://newiproggressive.com/images/stories/S5/foxconn-wall-s5.jpg>



\$80 million, six-year agreement to guarantee taxpayer savings, protect local and state infrastructure investments, require job creation to receive incentives.

MADISON — Gov. Tony Evers today announced the state has renegotiated its contract with Foxconn, the world's largest electronics manufacturer. The new agreement negotiated under Gov. Evers between the Wisconsin Economic Development (WEDC) and Foxconn will save Wisconsin taxpayers a total of \$2.77 billion compared to the previous contract, maintain accountability measures requiring job creation to receive incentives, and protect hundreds of millions of dollars in local and state infrastructure investments made in support of the project.



“When I ran to be governor, I made a promise to work with Foxconn to cut a better deal for our state—the last deal didn’t work for Wisconsin, and that doesn’t work for me,” said Gov. Evers. “Today I’m delivering on that promise with an agreement that treats Foxconn like any other business and will save taxpayers \$2.77 billion, protect the hundreds of millions of dollars in infrastructure investments the state and local communities have already made, and ensure there’s accountability for creating the jobs promised.”

Under a contract amendment approved Tuesday by the WEDC Board of Directors, Foxconn is eligible to receive up to \$80 million total in performance-based tax credits over six years if it meets employment and capital investment targets. The right-sized contract includes comparable rates and incentives to those offered to other companies by WEDC. The original contract negotiated in 2017 authorized \$2.85 billion in performance-based tax credits to build a Generation 10.5 plant, not including new tax incentives from local governments and road and highway investments by the state and local governments, which brought total taxpayer-funded

Renegotiated Foxconn Contract to Save Taxpayers \$2.77 Billion

Written by GOV Press Wisconsin
Wednesday, 21 April 2021 09:51

subsidies to more than \$4 billion.

WEDC Secretary and CEO Missy Hughes noted that the amended contract will boost Wisconsin's economic recovery as the state works to respond and bounce back from the coronavirus pandemic.

"The agreement provides the opportunity to be responsive to the marketplace that a modern, forward-looking company like Foxconn needs to pursue innovation. At the same time, by right-sizing the contract, our state is in a position where we can ensure that all businesses – everywhere – have the resources they need to grow and prosper," Hughes said.

A comparison of the original and amended contract is available [here](#). The new agreement, which is effective upon signing by WEDC and Foxconn officials:

- Provides \$80 million in performance-based incentives if Foxconn hires 1,454 qualified workers earning an average wage of \$53,875 and invests \$672 million by 2026;
- Allows Foxconn, like other manufacturers in the state, to earn tax incentives without specific requirements as to what it produces or manufactures, as long as it meets the hiring and capital investment targets;
- Sets the same tax incentive rates for hiring and capital investments as all other projects WEDC assists;
- Adds Foxconn Industrial Internet USA, Inc. (Fii USA) as an affiliate eligible for tax incentives;
- Reduces the length of the two sides' commitment from 15 years to six;
- Preserves protections for local governments' investments in the project; and
- Strengthens taxpayer protections by allowing the state to recover 100% of incentives paid each year in the event of a default.