

Gov. Walker: Gov. Walker, Foxconn Chairman Gou sign historic agreement to bring \$10 billion world-class advanced manufacturing campus, 13,000 jobs to Wisconsin

Posted on Friday, Nov 10, 2017

>> WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)

FOR IMMEDIATE RELEASE

November 10, 2017

Contact: Tom Evenson, [\(608\) 266-2839](tel:6082662839)

Governor Walker, Foxconn Chairman Gou Sign Historic Agreement to Bring \$10 Billion World-Class Advanced Manufacturing Campus, 13,000 Jobs to Wisconsin

Agreement provides incentives to support state's largest economic development project while protecting interests of Wisconsin taxpayers

RACINE – Governor Scott Walker and Foxconn Technology Group (Foxconn) Chairman Terry Gou today signed a contract to provide up to \$2.85 billion in state income tax credits to the company to support the development of a world-class advanced display manufacturing campus in Racine County expected to create 13,000 new jobs in the region. “This is a once-in-a-lifetime opportunity for Wisconsin, and this agreement provides Foxconn with the incentives the company needs to move forward with this significant investment while at the same time fully protecting the interests of Wisconsin taxpayers,” Governor Walker said. “With this contract in place, Foxconn will now move forward with creating a campus that will truly transform Wisconsin’s economy and will have positive ripple effects in every region of the state.”

The skill-, labor- and capital-intensive campus will lay the foundation for an 8K+5G ecosystem that Foxconn is creating in Wisconsin and the United States. It will manufacture the world’s most advanced large-sized LCD panels which will be used in a wide range of technologies ranging from the latest generation televisions to self-driving cars and aircraft systems and in the fields of education, entertainment, healthcare, advanced manufacturing systems, office automation, interactive retail, and safety, among many others. “We thank Wisconsin Governor Scott Walker and the Wisconsin Economic Development Corporation for their partnership, which will enable us to build a state-of-the-art display fabrication plant in Wisconsin and create a robust 8K+5G ecosystem in the United States. We also thank Speaker Paul Ryan and the Office of American Innovation for providing invaluable support in making this happen,” said Foxconn Founder and CEO Terry Gou. “We look forward to being a part of the community and contributing to its economic transformation. We will do so while ensuring that the very things that attracted us to Wisconsin – its talented and hardworking workforce, long track record in advanced manufacturing, favorable quality of life and environment – are protected and nurtured.”

The contract was signed Friday afternoon by Governor Walker, Wisconsin Economic Development Corporation (WEDC) Secretary and CEO Mark R. Hogan, Chairman Gou and other company officials at the SC Johnson campus in Racine. Governor Walker and Chairman Gou were also joined by Wisconsin’s First District Congressman and House Speaker Paul Ryan, who called the deal a “game-changer” for Wisconsin and the United States.

“This is a game-changer for Wisconsin, bringing thousands of good jobs and billions of dollars in investment to the Badger State,” Speaker Ryan said. “I genuinely believe Wisconsin’s workers are the best in the world, and I’m proud of the work Governor Walker and state officials have done to secure Foxconn’s move to Wisconsin. This is the dawn of a new era of manufacturing in Wisconsin and an exciting day for Wisconsinites.”

Under the terms of the 15-year contract, Foxconn, the world’s largest electronics manufacturing services provider and one of the four largest technology companies in the world, agrees to invest up to \$10 billion and create up to 13,000 jobs at its campus in Mount Pleasant. In return, the state will provide up to \$1.5 billion in job creation tax credits and \$1.35 billion in capital investment credits.

Fisk Johnson, Chairman and CEO of SC Johnson, hosted the historic contract signing ceremony at the SC Johnson campus in Racine. “SC Johnson has called Wisconsin home for more than 131 years and we’re thrilled to welcome Foxconn,” Johnson said. “We wish our new neighbors great success and look forward to Foxconn joining our community.”

All tax credits are “pay as you grow.” Foxconn must create jobs and invest capital in Wisconsin before they are eligible for any credits, and the company can only earn the maximum amount of tax benefits after it has created and maintained 13,000 jobs and invested \$10 billion.

In addition, the capital investment tax credits are tied to annual job-creation thresholds that it must meet in order to receive the maximum credits. If the company does not meet those thresholds, it will not receive the full capital investment credits. The contract also includes minimum annual job-creation levels that must be met before Foxconn can receive any jobs tax credits.

“After months of working closely with the Foxconn team, we have negotiated a contract that gives the company the flexibility and incentives it needs to be successful while also providing Wisconsin taxpayers with a high level of certainty that their investment will be protected,” said WEDC Secretary Hogan. “Foxconn’s presence in Wisconsin will mean new opportunities for the state’s workforce, businesses, and entrepreneurs.”

Other key components of the contract include:

- Stringent provisions to ensure Foxconn meets the terms of the contract as well as clawback provisions if the company defaults. In the case of default, the contract includes three guarantors who will make any required clawback payments, including Chairman Gou.
- A requirement that Foxconn must submit annual performance reports to WEDC that document job creation and capital investment that must be attested to by an independent Certified Public Accountant using industry standards.
- A requirement that the company pay an average annual salary of \$53,875.

After evaluating sites in other states, Foxconn and Governor Walker announced in July that the company had selected Wisconsin as the site of its first liquid crystal display (LCD) manufacturing facility in North America, and the only one outside of Asia. Foxconn’s investment in Wisconsin is by far the state’s largest economic development project and is the largest greenfield investment by a foreign-based company in U.S. history as measured by jobs.

Foxconn will encompass a total of 20 million square feet comprising multiple buildings on at least 1,000 acres in Mount Pleasant. It will include facilities for back-end packaging of liquid crystal display modules, molding and tool and die processes involved in the production of high-precision housing and frames for display modules, and final assembly for end-products.

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 is expected to support 10,000 construction jobs over each of the next four years and more than 6,000 indirect and induced jobs from the construction. The capital investment during construction is expected to generate more than \$300 million in state tax revenues.

In addition to the 13,000 jobs directly created by Foxconn, the project is expected to create tens of thousands of indirect and induced jobs throughout the state. Foxconn also is expected to make \$4.26 billion in supplier purchases annually, about one-third of which will be sourced within Wisconsin.

Once fully operational, the project is expected to have at least a \$7 billion annual economic impact on the state and will generate an estimated between \$116 million and \$157 million in state tax revenues annually.