

WEDC CEO Hogan says Foxconn awards are a 'pay as you grow investment'

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Wisconsin Economic Development Corporation Secretary and CEO Mark Hogan this afternoon stressed the incentives that the state would award to Foxconn are a “pay as you grow investment.”

“Foxconn will not receive any dollars from the state until they begin making the capital expenditures” and hiring employees, he told members of the Assembly Committee on Jobs and the Economy.

Hogan also addressed concerns over Illinois residents filling Foxconn jobs, saying southeastern Wisconsin county officials have told him that “over time, many of them (Illinois residents) choose to relocate” once they take jobs in the state.

He also said he expected Foxconn coming to Wisconsin would allow the state to reverse the trend of having to pay Illinois every year under the two states’ tax reciprocity agreement.

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Under the two states’ reciprocity agreement, Wisconsinites who work in Illinois don’t get taxed by that state on their wages, commissions and other types of personal service income — and vice versa. Since more Wisconsinites work across the border, the state ends up sending an annual payment to Illinois to make up for that amount.

An updated projection from last month shows that the state will send \$154 million to Illinois over the next biennium under the reciprocity deal — a \$21 million increase over previous projections.

Hogan was the second invited speaker to testify on a bill that would give the Taiwanese technology company up to \$3 billion in incentives as it meets certain targets while building a plant in southeastern Wisconsin that would employ thousands.

The first was Department of Administration Secretary Scott Neitzel, who said the state was chosen for the Foxconn facility because of the “reforms” made by the governor and Legislature over the past six years that “have drastically improved the state’s business climate.”

He added that bringing the company to the state would end the “brain drain” in the state.

Neitzel also told members the bill doesn’t change any federal environmental requirements or any state air or water quality standards.

The hearing is expected to be opened for testimony from members of the public around 4:30.