

Mark Hogan: Foxconn's historic investment in Wisconsin already paying dividends

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As Foxconn plans its formal groundbreaking in Racine County this week, it is appropriate to review the basics of this historic opportunity for Wisconsin. As one of the largest greenfield investments by a foreign-based company in U.S. history, Foxconn's investment will create the first liquid crystal display (LCD) manufacturing facility in North America, and the only one outside of Asia.

The magnitude of Foxconn's investment is best summarized in the numbers, which have not changed since the Wisconsin Economic Development's (WEDC) contract was signed in early November. Foxconn's \$10 billion investment will create a 20-million-square-foot campus on 1,200 acres in Mount Pleasant. The four-year construction phase will create an estimated 10,000 jobs and 6,000 direct and indirect jobs.

We are already seeing the statewide benefits of Foxconn's historic investment. Contractors in Dodge, Jackson, Marathon, Outagamie, Walworth and Wood counties are among those who received contracts for the first \$100 million related to site preparation. The Wisconsin companies receiving these contracts are expected to directly or indirectly employ 800 workers from 60 of the state's 72 counties.

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Once fully operational, there will be 13,000 good-paying, family-supporting jobs created with an average salary of approximately \$54,000, and an additional 20,000

to 25,000 indirect and induced jobs needed to support the operation. Consistent with its “Wisconsin First” commitment, Foxconn will spend about \$1.4 billion in annual supply chain purchases from Wisconsin-based companies. A recent study indicated Foxconn will add \$51 billion to Wisconsin’s gross domestic product over the next 15 years, an economic impact of \$18 for every \$1 spent by the state on incentives.

Wisconsin won Foxconn despite the fact other states offered more in incentives. WEDC’s contract provides Foxconn incentives of up to \$2.85 billion – \$1.5 billion for the creation of 13,000 jobs and \$1.35 for its capital investment. The tax credits are earned on a “pay as you grow” basis and the company’s reporting information will be verified by an independent third party. The contract includes minimum annual job-creation levels that must be met before Foxconn receives any tax credits. It also includes clawback provisions, supported by the guaranties of both Hon Hai Precision and Foxconn Chairman Terry Gou, should the company not comply with the contract.

The transformational impact Foxconn will have in Wisconsin will go well beyond its manufacturing facility. Foxconn’s presence will result in an ecosystem that will provide significant opportunities for existing Wisconsin businesses and our academic partners, and also attract venture capital to our ever-expanding and vibrant entrepreneurial community. Foxconn’s recent announcements regarding its North American headquarters in Milwaukee, its commitment to hire 3,000 veterans as well as its \$1 million investment in the “Smart City,

Smart Future” partnership with our tech colleges and public and private colleges and universities are just the first signs of what this ecosystem might entail.

Over the past 44 years, Foxconn’s success has been based on the company’s ability to be at the leading edge of new technology. The state’s decision to partner with Foxconn is based on our confidence the company will continue to be at the forefront of demand-based technology changes, and on the opportunity to have the research and development efforts driving those changes happen here in Wisconsin.

Chairman Gou has said that a primary reason for his decision to invest in Wisconsin was our strong manufacturing legacy and the outstanding workforce that has supported it for generations. Foxconn’s transformational effect on Wisconsin will undoubtedly build on this legacy by creating tremendous opportunities for future generations of Wisconsinites.

— Hogan is the secretary and CEO of the Wisconsin Economic Development Corporation, and played a key role in negotiating the state's contract with Foxconn.