

Racine lawmakers optimistic about Microsoft project in Mount Pleasant

Posted on Wednesday, Mar 29, 2023

Racine-area lawmakers on both sides of the aisle say they're optimistic about the potential for a \$1 billion data center Microsoft is proposing for Mount Pleasant.

State and local officials have announced a proposed agreement between Microsoft Corporation, the village of Mount Pleasant and Racine County under which the company would buy a 315-acre parcel of land for about \$50 million. The plot is located in the village's Tax Incremental District No. 5, which was first established in late 2017 and is home to Foxconn in Wisconsin.

In an emailed statement, Assembly Minority Leader Greta Neubauer said Microsoft establishing operations in Racine County could "provide incredible opportunities" and drive economic growth in southeastern Wisconsin.

"As more details are solidified, I look forward to seeing how this project will impact our community," the Racine Dem said. "I hope all parties can reach an agreement that will bring good jobs and tech manufacturing to our area!"

In a separate statement, Rep. Robert Wittke also touted the potential for the project.

"For the region, Microsoft as the world's largest software maker by revenue in 2022, could attract more companies to develop here as well," the Racine Republican said. "I don't see a downside to having a premiere technology company locating and conducting business in the Foxconn site."

Under the proposed development agreement, Microsoft plans to spend at least \$1 billion to build a "data center campus" on the site with initial construction starting no later than July 1, 2026. The company would be able to earn back some of its investment as it constructs the project, according to a fact sheet from local officials, though payments would be contingent on the village getting sufficient tax increment revenue to have first paid other TID obligations.

The fact sheet shows Microsoft can recoup 42 percent of the annual incremental property taxes it pays on the project, capped at \$5 million per year for the duration of the agreement and the district. If the company fails to meet project deadlines, the village and county could repurchase the land being sold to Microsoft at the original per-acre price.

Plus, as part of the proposed implementation agreement, Foxconn would receive the proceeds of the land sale as partial reimbursement for what the Taiwanese company spent in 2017 to acquire lands in TID 5.

Village and county boards will consider initial agreements for the project over the coming weeks.

Missy Hughes, secretary and CEO of the Wisconsin Economic Development Corp., said the state agency is looking forward to working with Microsoft to ensure the project's success.

"Microsoft joins a roster of innovative, world-class companies that are choosing to grow in Wisconsin because of our highly educated workforce, outstanding infrastructure, central location, and unparalleled quality of life," Hughes said in a statement.

When asked if the state will be providing any incentives or other funding to support the project, a WEDC spokesperson declined to comment.

Meanwhile, former Dem. Rep. Gordon Hintz said it's "positive that something is occurring there" and the project will likely boost the local tax base. Hintz previously served on the WEDC Board of Directors and was a vocal critic of the Foxconn project in Racine County, which largely failed to live up to its initial promise. He now works for the Wisconsin Laborers' District Council as the director for the Wisconsin Laborers-Employers Cooperation and Education Trust.

"I think everybody needs to ask themselves what the goal of the project is," Hintz told WisBusiness.com. "If it's employment and jobs, which was the original goal of the project, it doesn't appear that this is going to satisfy that. That being said, to local taxpayers who might feel like they're going to be on the hook ... it should generate tax base."

In response to a request for more details on the project, a Microsoft spokesperson

said the “data center campus investment plans with the Village of Mount Pleasant and Racine County are part of Microsoft’s long-term commitment to the local communities in Wisconsin. We look forward to our work there.”

See more details in a release:

<https://www.wisbusiness.com/wp-content/uploads/2023/03/Microsoft-News-Release-FINAL-1.pdf>

See the fact sheet:

<https://htv-prod-media.s3.amazonaws.com/files/microsoft-fact-sheet-final-1679964355.pdf>

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