



**Statement by Foxconn Technology Group
July 31, 2017**

One important factor in Foxconn's selection of Wisconsin for this investment was the state's high quality of life and the advantage that will play in our efforts to promote environmental sustainability throughout our global operations as well as our ability to recruit and retain the best workforce. Preserving the environment is essential to maintaining this competitive advantage for the state and we are committed, through all aspects of our project, to ensure that we will not only contribute to Wisconsin's economic development, but that we will also play a role in protecting the environment that is so important to the success of our initiative.

Foxconn believes that protecting the environment is a responsibility for not only our operations, but also those of our supply chain partners and that is why we comply with all relevant environmental regulations and, when possible, do everything we can to exceed them in all of the locations where we do business. Minimizing the negative impact of our operations on the environment is a fundamental responsibility for Foxconn as a sustainable business and a global industry leader. All aspects of Foxconn's business and operations are guided by our Social and Environmental Responsibility Code of Conduct, which sets out Foxconn's environmental management standards, and we take a systematic approach towards integrating green and sustainable practices in our global operations.

In line with this, we will be implementing measures for our Wisconsin campus in areas, among others, that include:

- environmentally friendly product design
- carbon emission reduction
- process management
- energy efficiency and resource management
- supply chain management

In our discussions with Governor Walker and his team, we have committed to work closely with the relevant agencies, Wisconsin academic institutions, our own global experts, and others, to ensure that we establish policies and practices that comply fully with all relevant federal, state, and local environmental regulations and that our supply chain partners are fully aware that compliance on their part is a requirement for doing business with Foxconn. This commitment will be integrated into the final agreement we will sign with the State of Wisconsin and compliance will be regularly audited by the relevant government agencies and our internal compliance teams.

We are committed to ensuring that our contributions to Wisconsin will go far beyond the positive economic impact associated with our investments, we will also support the ongoing efforts to promote the state's environmental well-being.

For media inquiries: media@foxconn.com

FOXCONN[®]

Dear Chairman Neylon,

Distinguished committee members:

Thank you for the opportunity to submit this letter to the Assembly Committee on Jobs and the Economy. Today, Foxconn Technology Group (Foxconn) makes a commitment to the great state of Wisconsin that we will partner with you to transform the American electronics industry by building the largest and most advanced display facility in the world. On this day, we begin to take a giant step on a great journey—a journey that begins with making Wisconsin part of the Foxconn family, and that builds towards American leadership in electronics manufacturing. To me, Wisconsin feels like home and that makes this wonderful endeavor more like a welcome home rather than a building project far away from home.

Foxconn is the global leader in manufacturing services for the computer, communication and consumer electronics (3C) industry—championing innovation that touches the daily lives of people around the world. Foxconn builds products for many of the leading U.S. and international brands and household names in electronics. Foxconn also leads the development of a vibrant global 8K+5G ecosystem, which is supported by our company's vertically integrated "silicon-to-solution" portfolio with value-added solution providers and supply chain, to deliver intelligent display technology and solutions for use in all aspects of smart lives.

TV was invented in America, and it has the largest market for large-sized display devices, including TVs. But despite having the talent and the resources, America does not have a single LCD fab and any facilities to produce a complete TV. We are going to change that—right here in Wisconsin—by creating a new advanced manufacturing display industry with a complete supply chain to transform Wisconsin and ultimately America.

Wisconsin offers a talented, hard-working workforce, a strong education system, and a long track record in advanced manufacturing, and this presents an extraordinary opportunity for our company. We want to attract top-quality talent and we are confident that people in the region will want to work for our company. Foxconn will invest \$10 billion over the next four years to build a world-class fabrication plant in southeastern Wisconsin. The plant will create 13,000 new jobs in the state—the largest single job-creation project in Wisconsin history. We will be creating thousands of other jobs throughout the supply chain and the 8K+5G ecosystem that we will be establishing to support our operations and those of our strategic partners and customers. This will be the largest new greenfield investment made by a foreign-based company in U.S. history.

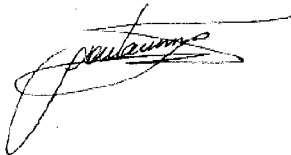
The leaders of Wisconsin and the United States have emphasized the importance of manufacturing in America and providing jobs for highly skilled American workers. As the Founder and CEO of the largest electronics manufacturer in the world, I feel confident to say we have a winning partnership in Wisconsin. I believe in the potential of American advanced manufacturing and the value of the American marketplace. "Made in America" makes sense for

Foxconn and our customers and business partners, of which many are the most iconic American technology companies. This partnership builds on Foxconn's commitment to continue to be a pioneer in our manufacturing processes and its approach to where and with whom it does business.

We named this project "Flying Eagle" and this name most importantly reflects my vision for this project in Wisconsin. The West Coast is the foundation of high tech and Internet industries. The East Coast is the financial and investment banking center. They are the wings of the American Flying Eagle. However, an eagle cannot fly without muscles and shoulders, which are the backbone of the Midwest. To fly higher, we need to strengthen the Midwest. This is the core of America - its strength, its heart.

On Wisconsin!

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Gou", with a long horizontal flourish extending to the right.

Terry Gou
Founder and CEO
Foxconn Technology Group

The Trouble with Foxconn

JOANNE BROWN, 1932 WEST LAWN AVE, MADISON, WI 53711, PUBLISHED (ABOVE) 8/1/2017

Or more accurately, "The Trouble with the Republican Response to the Foxconn Proposal."

Rep. John Nygren summed up the majority Republican sentiment following the announcement of Foxconn's decision (or is it really a decision?) to invest in Wisconsin. When Sen. Minority Leader Jen Shilling tweeted her concerns, saying "\$3 billion is a lot of money when we still don't have a budget to fund schools, roads and health care. When's JFC meeting next?" Rep. Nygren replied, "Come on Senator cheer for WI. I know you want to, don't let politics get in the way."

He dismissed her concerns.

Other Republican legislators have the same cavalier attitude. Sen. Dave Hansen of Green Bay cautioned, "Given recent accounts of how its workers are treated and Foxconn's strategy of getting every last nickel and dime it can from taxpayers to lower their costs, Governor Walker and any legislator thinking of supporting what could be a \$3 billion incentive package should be very wary." In response, Rep. Dave Steffen, R-Green Bay opined, "To think that someone would actively cheer against this type of economic growth is insane."

Scott Walker himself told the people concerned about the Foxconn proposal to "Go suck lemons."

These are flippant and irresponsible answers to serious questions. The Foxconn proposal is totaling up to well more than **\$3 billion dollars of taxpayer-funded support**. It should not be approached casually.

Yet Republican lawmakers, responding politically, thus far appear to be content to read the press releases from Foxconn and WEDC, which gloss over many of the critical issues in the proposal.

The draft bill detailing the scope of Wisconsin's giveaway to Foxconn was released late Friday afternoon, along with Mr. Walker's call for a special session to *beginning today* to pass the bill. Included in the bill are

MONETARY COSTS

- **Potential direct payments to Foxconn.** So far, the state has acknowledged that the Foxconn proposal could cost "up to" \$3 billion. A relatively small portion of that (\$150 million) is for a sales tax exemption on construction materials used in the construction of the facility. The remainder, \$2.85 billion, would be for cash payments directly to Foxconn (called "refundable tax credits"), partly for "job credits" (17% of salaries for jobs paying between \$30,000 and \$100,000) and partly for construction. These cash payments would represent a direct payment from the state treasury in the amount of between \$200 and \$250 million per year should Foxconn reach its 13,000-job target, far more than the

income tax revenue from those jobs. **Furthermore, construction credits will be paid to Foxconn regardless of whether jobs are created!** Finally, the agency tasked with ensuring that jobs have been created would be WEDC — yes, the same agency that has consistently failed to track job creation for much smaller firms.

- **General purpose revenue bonding for highway construction.** The bill includes \$250 million GPR bonding for highway construction of I-94 north-south corridor (Illinois border to Milwaukee). This bonding is contingent on the receipt of federal highway funds for the project, and *that* is contingent on the Republicans actually passing a budget, as well as on federal approval.
- **Additional grants to localities for infrastructure development.** The draft bill also includes what is called a “sum sufficient” amount (that is, whatever is needed) to fund 40% of the infrastructure improvement required for localities to prepare the way for Foxconn. Infrastructure improvement identified in the bill includes water lines, sewage lines, wastewater facilities, and public protection. There is no estimate of what this might cost, to either the state or the local governments.
- **Fast-track construction of infrastructure by localities permitted.** The bill permits the locality creating the electronics and information technology manufacturing zone to use the design-build system when contracting for water and sewage systems, and for wastewater treatment systems. This process permits “developers to submit proposals to provide completed projects in these areas without following the bidding requirements for public works projects that would otherwise apply.”

OVERRIDING ENVIRONMENTAL PROTECTIONS

- **Waiver of environmental protections.** The bill exempts the development (*and all the manufacturing facilities within the newly-created electronics and information technology zone*) from preparing an environmental impact statement, *deeming that “a determination regarding the issuance of any permit or approval for a new manufacturing facility within an electronics and information technology manufacturing zone is not a major action for the purpose of the environmental impact statement requirement.”* Mr. Walker, WEDC, and Foxconn have bragged that the facility in question will be the size of 11 Lambeau Fields. How can its construction NOT be a major action, especially for a company with a history of doing environmental damage???
- **Waiver of wetland and waterway protections.** The bill allows the company to dredge and fill wetlands without state permits, allows rerouting of waterways, and restricts the DNR’s ability to regulate making other changes to navigable waters without a permit. This policy applies *even to the operation* of the FoxConn facility, and electronics manufacturing can do great environmental harm.
- **Waiver of several rules governing utilities.** The bill exempts the development from obtaining certificates of authority usually required by the PSC for construction projects, and permits the relocation of high-transmission lines without PSC approval.

WHAT THE BILL DOES NOT INCLUDE

- **Money to support training.** Yep. This bill is silent on training, even though Mr. Walker has said that the UW and the tech schools need to get going on training people for FoxConn right away.
- **Requirements that the employees and construction companies be from Wisconsin.** Nope, nothing about that in the bill either. Nor was this in the Memorandum of Understanding. If

Wisconsin is going to put this much money into the bill, shouldn't we at least be sure that the employees live in Wisconsin?

WHAT COULD GO WRONG? WHAT DOES DUE DILIGENCE REQUIRE?

"Conservative" Republican legislators — and Democrats, of course (I am talking to you, Peter Barca) — must approach FoxConn the way they would approach such a proposal if it were coming from a Democratic governor — that is, with due diligence. They need to consider what can go wrong.

So far, the Republican lawmakers have reacted to Scott Walker's pronouncements, the words of Donald Trump and Terry Gou, a document prepared by WEDC that was written with the intent to sell the proposal, and an "economic impact study" from Ernst and Young. This study was contracted for by FoxConn, and was also developed with the intent to sell the proposal, and has limitations. (*For instance, the Ernst and Young study includes as positive economic impact for Wisconsin the very sales tax on construction materials which is waived by the bill draft presented for the special session.*)

Due diligence requires that lawmakers *also* consider those reports of potential drawbacks to the Foxconn proposal. What are those drawbacks?

- One of those drawbacks is the **existing condition of the Wisconsin state budget**, where a \$1 billion shortfall in transportation funding exists right now, and the state is on target for a \$1 billion structural deficit when it begins the 2019-21 biennium. No matter how quickly the Foxconn development proceeds (no site is yet selected, property has not yet been acquired) increased tax revenues cannot possibly keep pace with the cash outlays to Foxconn for the construction credit. So yet more state services will need to be cut.
- Foxconn has a **poor track record in fulfilling its investment promises**. The most well-known example of this is the case of Pennsylvania, where Foxconn pledged a \$30 million investment that never materialized. (Scott Walker attributes this failure to a "change in governor.") Foxconn has made similar promises, though none as large as in Wisconsin, in Arizona, Colorado, Indonesia, India, and Brazil.
- **At least some of the benefits of the proposal will likely accrue to other states, while Wisconsin taxpayers foot the bill**. Since the enabling bill and MOU do not require that Foxconn employ Wisconsin residents or that Foxconn use Wisconsin contractors for construction, and the site for the development will be close to the Illinois border, Illinois workers and contractors will reap the benefits of employment while Wisconsin taxpayers literally pay a portion of their wages. Already-trained Illinois workers will get jobs; nearby Illinois construction firms, or national firms, could get construction contracts.
- **The state's environment could be further degraded and despoiled**. The draft bill removes all state input into Foxconn's environmental impact, both during construction and during operation. DNR spokesman Jim Dick's answer to concerns was nonresponsive: "the bill is about streamlining the process and since Foxconn hasn't said where the plant will be built *no one knows* if any wetlands will be affected." Apparently state residents should just ignore the possibility. And the fact that federal rules will still apply is no comfort: with Scott Pruitt leading the EPA, and Donald Trump as president, it seems unlikely that the federal government will present a formidable barrier to development that is environmentally destructive.

IN CONCLUSION

<http://bloggingblue.com/2017/08/the-trouble-with-foxconn/>

Consider that at the beginning of his tenure, Scott Walker would not support a commitment of *less than \$10 million per year* to high speed rail. This commitment would have supported nearly the same number of construction jobs. This commitment came with a factory deep in the heart of Milwaukee, which the state lost to Indiana, along with about \$50 million in contract settlement payments by the state. Had Scott Walker been willing to commit less than \$10 million per year to high speed rail, Wisconsin would have had those construction jobs, would have had ancillary businesses, businesses would have been built on the Amtrak corridor, Milwaukee-Madison business links would have strengthened, traffic would have decreased on I-94, decreasing highway construction costs now and in the future. But less than \$10 million per year was too costly — and now \$200 to \$250 million per year is not? Please, Republican legislators, this bill must be approached not with cheerleading, but with deep scrutiny to ensure that the individual taxpayers of WI are protected. **Wisconsin must not be the victim of Scott Walker's Foxconn con.**

RESPONSES RECEIVED TO THIS BLOG POST (names eliminated):

11 Responses to *the trouble with foxconn*

August 1, 2017 at 8:16 am

The general Wisconsin GOP sentiment seems to be, "Shut up and take our word on this deal, even if it potentially billions of tax payer dollars on the line."
"Jobs jobs jobs" at all costs. It's an old school way of thinking that doesn't match up with the 21st century economy.
I hope the deal does work out great for Wisconsin. But just telling us to "shut up and celebrate this deal", isn't going to win folks like me over.

August 1, 2017 at 9:19 am

There is a public track record by this "company," with multi-national negative economic implications. This is all about pretense to progress other than that which the WI GOP corporate boot-lickers have already accomplished for our state, i.e. disabling/destroying the middle class and punishing the poor, elderly and financially disenfranchised and our former gains in our natural environmental quality, to a larger extent than they already have.

If you have not been on the phone to the offices of any of your GOP "representatives," what are you doing here?

August 1, 2017 at 9:24 am

Nygren's statement at the top, "...don't let politics get in the way..." tells me that Nygren is claiming and admitting that this proposed deal is nothing but political. It is hard to see any other angle than GOP retention of power and control with likely promises of kick-backs of state funding to the, "conn," being returned to GOP campaign coffers.

August 1, 2017 at 10:34 am

Great piece. All about opportunity cost and misdirection of scarce taxpayer dollars. So all of the taxpayers of the state are supposed to lower the pre-tax labor costs for one designated company Fox"Con" by 17 percent for one manufacturing plant located in a pre-designated congressional district. This takes the kind of deals that professional sports teams extort

<http://bloggingblue.com/2017/08/the-trouble-with-foxconn/>

from cities, counties and states to a whole new level. Not just directly subsidizing capital (the road construction, utilities special deal, and waiving of environmental protection), but actually the wage bill.

I was particularly struck by taxpayer-funded subsidies to wages in the proposal, including up to 100 thousand in income!

“Capital” can’t move, so theoretically the benefits stay put (until the manufacturing plant/stadium are deemed obsolete, which is not a rare occurrence). So the subsidies to stadium construction can effectively mask what are giveaways to wealthy players and team owners. This deal is not so opaque.

Labor can come from anywhere and go anywhere. The potential transfer from the many to the few is staggering (or in Republican parlance, “troubling”). Median income in Wisconsin has been stuck at 55,000 (or a bit less) since the beginning of the Great Recession. Roughly speaking, those in the 50 to 100 k range of household income constitute 30 percent of households. To make 75 k household income, you are already in the top one-third. So essentially, taxpayers in the bottom 2/3ds will be directly subsidizing the wages of those in the top one-third. And at a 17% wage subsidy, you would need almost three taxpayers of income tax to cover the subsidy to one Fox”Con” employee.

Not quite as dramatic as the various “Trump-does not care” proposals to give huge tax breaks to the top percenters in exchange for leaving 20-30 without health insurance, but certainly in the ball park.

August 1, 2017 at 11:35 am

Joanne, many thanks for outstanding work.

IMHO a wider view of the Foxconn welfare looks even worse. Democratic capitalism depends on maintaining a balance of risks and rewards among the stakeholders: consumers, workers, and shareholders. Since the 1970’s risk has gradually been shifted onto consumers and workers. Over the same interval, shareholders receive an increasing percentage of the rewards from productivity improvements. Exacerbating these trends, elite shareholders have been able to distance themselves the vast majority of shareholders. They take on less risk—high frequency trading—and skim even greater percentages of the rewards.

Foxconn is not a U.S. monopoly, which would be sufficiently bad. It’s a Taiwanese Chinese monopoly poised to appear as Wisconsin’s largest private sector employer. As a subsidiary of the Taiwanese and Chinese governments, I don’t consider it part of the private sector, but that’s not being reported. That intersects with the GOP’s destruction of transparency in state political donations. There’s no way to track what are essentially bribes from the Chinese and Taiwanese governments to Wisconsin politicians.

August 1, 2017 at 4:51 pm

Thanks [previous commenter],

Need we say more than our good friends at One WI Now?

<http://onewisconsinnow.org/press/that-didnt-take-long-gov-scott-walker-running-campaign-ads-on-foxconn-proposal/>

August 2, 2017 at 6:05 pm

Thanks Joanne for an excellent analysis.

And John, you bring up very important observations.

<http://bloggingblue.com/2017/08/the-trouble-with-foxconn/>

It seems to me that our State is, in tandem with the Feds, pushing a new economic development agenda—think of those Chinese “special economic zones,” where big companies can play by their own rules, causing harmful externalities, hardly the “free market” that other companies have to operate in.

Gogebic Taconite was stopped by concern for environmental impact on the region, while now Foxconn—in it’s “economic and information technology manufacturing zone,” can evade environmental scrutiny (it’s explicitly written into the law).

Then the company’s economic plan is a race to the bottom for workers, just like you would find in international free trade deals.

August 1, 2017 at 7:46 pm

Is this a short term gift from the “tooth fairy” until the next toothache or a false promise to cure all from a “snake oil” salesguy?

http://www.huffingtonpost.com/entry/foxconn-in-wisconsin-another-trump-bad-deal_us_597f05b8e4b0c69ef705297c

Bah,humbug!

August 1, 2017 at 11:16 pm

In a very short time, much has been written about the political black hole that could be FoxConn Wisconsin, and much of it has been good. But for me this piece really brings together all of the (yes) troubling implications — not just about what might be, but about how this is being stuffed down our throats. Thanks, Joanne. I’m sharing this everywhere I go in social media.

August 2, 2017 at 1:02 pm

The Democrats are a party adrift, with zero ideas for economic development short of “\$15.00/hr. minimum wage and Single Payer health care.” That’s it. Here we have a company making NEXT-GEN technology, 8K, that will be in homes, businesses, medical, etc., generating thousands of ancillary jobs and development in our state, and all you hear is whining and ankle-biting.

I cannot imagine what a situation we would be looking at in our state today if Mayor ‘Walk-The-Streetcar-Line’ had won instead of Gov. Walker.

August 2, 2017 at 6:21 pm

[To previous response]

I love when you start showing up in comments and continue to show us what a clueless hypocrite looks like. In case you couldn’t figure it out this is not free market and it’s picking winners and losers. It certainly isn’t fiscal conservatism. Along with all the points above it figures you would think it’s a good idea to give out 250 million dollars a year to get back 181 million not to mention every financial publication is calling this a horrible deal.

August 3, 2017 at 11:23 am

When I see television news stories about Foxconn which includes a shot of the company’s faded, rusting marquee sign at its home headquarters, I’m reminded of what the “dystopian society where advertising, commercialism, and cultural anti-intellectualism have run rampant, and which is devoid of intellectual curiosity, social responsibility, and coherent notions of justice and human rights” in Mike Judge’s “Idiocracy”. (descriptive quote from Wikipedia)



Wisconsin Economic Development Association

TO: Chairman Neylon and members of the Assembly Jobs and the Economy Committee
FROM: Ed White, President – Wisconsin Economic Development Association
DATE: August 3, 2017
RE: **Please support Special Session Assembly Bill 1**

On behalf of the Wisconsin Economic Development Association (WEDA), I would like to take this opportunity to urge your support for Special Session Assembly Bill 1 (AB 1) – the Foxconn incentive package bill. This important legislation lays the groundwork for bringing Foxconn Technology Group to Wisconsin. The bill will help strengthen Wisconsin's broad-based economic environment and provide a once in a lifetime opportunity for job creation and business growth.

Foxconn's presence in southeastern Wisconsin will have an enormous economic impact in the region and across the entire state. The company, and its supporting supply chain, will be a major cog in Wisconsin's economic engine, creating thousands of direct and indirect jobs, attracting vast amounts of private investment, and generating billions of dollars in economic output.

While the project is exciting and should be celebrated, it's also important to recognize why Foxconn chose Wisconsin.

Wisconsin has a strong business climate that meets many requirements that businesses consider when making a site selection decision, such as a favorable tax and regulatory environment, a quality workforce, a robust infrastructure, and strategic private sector partnerships. However, in today's globalized economy, companies – including Foxconn – are also seeking a variety of economic incentives. It's an expectation in the marketplace and a tool state's must use to remain competitive.

Fortunately, Wisconsin has an effective (albeit limited) economic development toolbox at its disposal to spur business growth. Since its inception, the Wisconsin Economic Development Corporation, along with its local and regional economic development partners, have been especially effective in utilizing these tools to drive economic activity.

Foxconn however has created an extremely rare economic development opportunity that requires an equally rare action by the Legislature. The economic incentives created by AB 1 are on a grander scale than we have ever seen, but the legislation's goal is simple and straightforward: increase capital investment, job creation, and tax revenue coming to Wisconsin.

From WEDA's perspective, the bill is a continuation of effective policies that capitalize on

economic incentives to create new opportunities and attract private investment. Equally important, the legislation includes accountability measures that protect taxpayer dollars. If Foxconn's capital investments or promised jobs don't materialize, neither will their incentives.

The legislation also streamlines environmental regulations and permitting for the Foxconn development, which will help expedite the time-sensitive project. WEDA certainly understands the link between a practical regulatory climate and economic growth, and we support efforts to streamline impractical state regulations. However, we would ask the Legislature to ensure the regulatory changes included in AB 1 strike a balance between economic development and conservation of Wisconsin's natural resources.

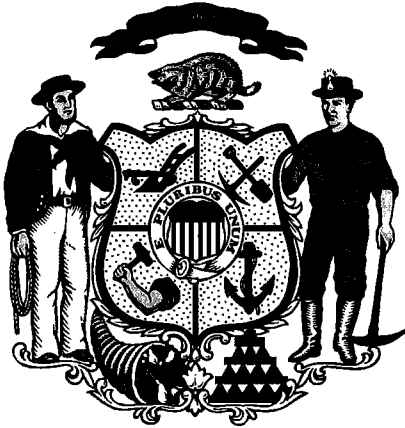
It's also important to address the impact the Foxconn project will have on Wisconsin's workforce, which is already facing a shortage of skilled workers. While the presence of Foxconn itself will help alleviate the state's workforce challenges by attracting people to live and work in Wisconsin, it will be important for the Legislature to consider new workforce financial programs to support Foxconn and help existing businesses meet their growth requirements.

For over 40 years, WEDA has focused on improving Wisconsin's economic climate. We are committed to aligning economic development policies, programs, and organizations to competitively position Wisconsin for the global marketplace. Special Session Assembly Bill 1 will help meet that goal, and we would encourage you to support this critical economic development and job creation legislation.

Thank you for your consideration.

About WEDA

The Wisconsin Economic Development Association (WEDA) is a statewide non-profit organization dedicated to expanding the economy of the State of Wisconsin. Founded in 1975, WEDA's economic development professionals and active volunteers are dedicated to making Wisconsin a better place to live and work through economic development that focuses on retaining and expanding existing businesses; facilitating investment and entrepreneurship; and attracting new companies, employment opportunities and innovation capital.



WISCONN VALLEY

WILL TRANSFORM THE STATE OF WISCONSIN

Testimony of DOA Secretary Scott Neitzel and WEDC Secretary and CEO Mark Hogan

Assembly Committee on Jobs and the Economy
August 2017 Special Session Assembly Bill 1
August 3, 2017

Secretary Neitzel Comments

Good afternoon, Chairman Neylon and members of the Assembly Committee on Jobs and the Economy. Thank you for the opportunity to testify today on Special Session Assembly Bill 1. I cannot tell you how thrilled I am and proud I am to be here today. This project is a once in a generation and maybe once in a century opportunity for our state. Before us is the opportunity to bring 13,000 new family supporting jobs and a high-tech manufacturing ecosystem to Wisconn Valley. We all accepted the call to public service because we believe in Wisconsin and our state's potential. Now Foxconn has seen this same potential in our great state.

Governor Walker called for this special session of the legislature to enact legislation that will help land the largest single economic development project in the history of Wisconsin. On behalf of Governor Walker, Secretary Hogan and I are honored to present and discuss the creation of Wisconn Valley. With this opportunity, high-tech electronic products we use every day will be Made in America: Right here in Wisconsin.

We want to thank you for all the work you have done to bring 13,000 new family supporting jobs and over \$10 billion in capital investment to Wisconsin. And that is just the beginning.

Wisconsin was chosen for this economic development opportunity because our state is ready. The reforms implemented by Governor Walker and the legislature over the last six years have drastically improved the state's business climate, making Wisconsin a top 10 state to do business. The groundwork was laid for our team to be successful.

This project has been called Flying Eagle from the beginning because of its ability to create a high-tech manufacturing ecosystem in the heartland of this country. Once again electronics products will be Made in America: Right Here in Wisconsin. Wisconn Valley will become the catalyst for electronics manufacturing in this country, which will allow for our great state to soar even higher.

The 13,000 new family supporting jobs and \$10 billion capital investment alone are historic, but what makes this project transformational is the multiple ripple effects of this economic investment across our entire state. Suppliers, and suppliers to suppliers, throughout Wisconsin will benefit from the positive impact of this investment. Beyond the investment by Foxconn, a study by Ernst and Young shows even greater impacts:

10,000 construction jobs will be created over the next 4 years and an additional 6,000 indirect jobs related to construction
22,000 indirect and induced jobs throughout the state

\$1.4 billion in purchases by Foxconn annually from Wisconsin supplier companies

\$7 billion annual economic impact for the State of Wisconsin

With an average salary of almost \$54,000, Foxconn payroll alone will be over \$800 million each year

This historic and transformational investment by Foxconn will propel Wisconsin's economy forward and enhance the opportunities our children and grandchildren have for employment in this state. This opportunity will create a Wisconsin "Brain Gain," which will end our "Brain Drain." We cannot let this opportunity pass us by.

Since our first meeting with the company, we have had one goal in mind: to get a good deal for Wisconsin taxpayers. This goal has been achieved. This opportunity represents the return of electronics manufacturing to the United States from Asia. It will fundamentally transform and enhance the economic landscape in Wisconsin and establish our state as the leader in electronics manufacturing in the United States.

With a strong manufacturing legacy, Wisconsin businesses are ready. Wisconsin's workforce is ready. Wisconsin's talent pipeline is ready. Wisconsin is ready for this transformational opportunity.

This opportunity would not be possible without the incredible teamwork of the state throughout this process. When Foxconn began to research Wisconsin, they found a group of hardworking, dedicated, and talented people all committed to bringing jobs to Wisconsin.

Local governments, economic development partners, the University of Wisconsin System, the Technical College System, businesses across the state, and the legislature, thank you. We would not be here today preparing for this transformational opportunity without you.

Secretary Hogan Comments

Thank you, Representative Neylon and members of the Committee. I appreciate the opportunity to join Secretary Neitzel to provide information on Governor Walker's proposed legislation creating an Electronics and Information Technology Manufacturing Zone.

Foxconn's decision to make an unprecedented \$10 billion capital investment in Wisconsin, creating an incredible 13,000 family supporting jobs, is a once-in-a-century opportunity for our state and our country, and the transformational scope of this project cannot be emphasized enough.

As many of you know, my background consists of 40 years in banking. I use this experience when I review award recommendations and the return on investment (ROI) these projects provide for Wisconsin, and our taxpayers. Having been actively engaged in the Foxconn project from the very first meeting on April 28th in Washington, D.C., I can confidently say this project's impact will be more than just the black and white ROI numbers that I am accustomed to reviewing when analyzing other WEDC awards.

More importantly, Foxconn's impact on Wisconsin will go beyond the 13,000 family supporting jobs and the \$10 billion investment. There will be future opportunities that cannot currently be quantified as it relates to expanded supply chains and talent attraction and retention. My high level of confidence comes from the numerous conversations I have had with a multitude of our economic development partners over the past three months. The input I have received from our partners in academia, industry, government, and local and regional economic development has been clear - the ecosystem that will be generated by establishing Wisconsin Valley will change the trajectory of Wisconsin for generations to come.

And Wisconsin is ready.

Foxconn's Chairman, Terry Gou, has publicly indicated several reasons for his decision to invest in Wisconsin. These include our skilled workforce, the strong university and technical college systems, the proximity of Lake Michigan, and the consistent statewide leadership that has created a pro-business climate, just to name a few. But Chairman Gou also talks about the strong foundation in Wisconsin's advanced manufacturing sector as being critical to his decision. The Foxconn opportunity only comes about because of the thousands of companies, and the hundreds of thousands of employees who, over the past several generations, have helped foster and secure manufacturing's legacy in Wisconsin.

As Secretary Neitzel indicated, this legislation is vital to ensure that Foxconn's first United States production operation will be located in Wisconsin. Foxconn is a global leader in manufacturing services for the computer, communication and consumer electronics (3C) industry, and was recently ranked #27 in Fortune's Global 500 rankings, and #4, right behind Amazon, in Fortune's technology industry segment.

Foxconn's proposed \$10 billion investment will be the largest economic development project in Wisconsin's history. Again, this investment builds on Wisconsin's strengths in advance manufacturing and will include the construction of a 20 million square foot high-tech manufacturing and technology campus. This multi-building campus will house the first Liquid Crystal Display production facility in the U.S. and the only one outside of Asia.

The legislation before you includes Wisconsin's financial commitment necessary to make this transformational investment happen in our state, including the designation of the Electronics and Information Technology Manufacturing Zone, in what will be known as Wisconn Valley. The pay-as-you-grow incentives will be based on the projected 13,000 family supporting jobs, and the \$10 billion of invested capital.

It is estimated the construction will require 10,000 construction workers in each of the next four years, with \$5.7 billion spent on construction and equipment sourced in Wisconsin. Once fully operational, the 13,000 employees will earn an average base salary of \$53,875, plus benefits, and annual Wisconsin supply chain purchases are estimated to be approximately \$1.4 billion.

These credits are performance based and the language is modeled after the existing Enterprise Zone program with a few modifications.

As allowed under the current program, Foxconn will be able to earn credits based on its actual capital expenditures and its job creation activity. This legislation modifies the existing enterprise zone statute to allow for an increase in the earnings percentage for the capital expenditures from 10% to 15%, with this portion capped at \$1.35 billion.

In addition, this legislation increases the job creation earnings percentage from 7% to 17%, with this portion of credits capped at \$1.5 billion, and will only apply to jobs with earnings above \$30,000 and up to \$100,000 annually. Finally, the zone will also be allowed to remain active for a period of 15 years vs. the current 12 years.

I would like to again stress this is a pay-as-you-grow investment - these refundable tax credits will not go out the door until, and unless, the company meets the performance metrics that will be included in its contract with WEDC. Foxconn will not receive any dollars from the state until they begin making the capital expenditures and hiring employees. The tax credits will also be subject to claw back and revocation provisions as under current law. Wisconsin's commitment is subject to WEDC's final underwriting, the satisfactory negotiation of a contract, and approval by WEDC's board of directors.

I've been asked about whether Wisconsin will benefit if Foxconn hires workers who live in Illinois. Let me address a couple of questions, perhaps misperceptions, that are often raised about the tax implications of Illinois residents working in Wisconsin.

We have found, in talking to other employers in the Kenosha and Racine County area, that relatively small percentages of their workforces live in Illinois. People tend to locate close to where they work. When Illinois residents are hired by Wisconsin companies, over time many of them choose to relocate to Wisconsin.

It's important to note that Wisconsin will collect individual income taxes from all Foxconn employees, including any employees who live in Illinois. Employees who live in other states and work in Wisconsin owe taxes to Wisconsin on money they earn here. Because we have an income tax reciprocity agreement with Illinois, Illinois residents who work in Wisconsin only have to file a tax return in Illinois, but we calculate what they would have paid if they filed in Wisconsin and Illinois owes us that amount. So, we collect taxes in Wisconsin for those employees, although they only file returns in Illinois. Right now, because more Wisconsin residents work in Illinois than vice versa, Wisconsin makes a net payment to Illinois every year under the reciprocity agreement.

Establishing Wisconn Valley will help us reverse that trend.

The last piece of the financial incentive package includes a sales and use tax exemption, estimated at \$150 million, which will apply to the purchase of any building materials, supplies and equipment eligible for the capital expenditures tax credit in the zone.

In closing, I would like to briefly address two additional provisions in the proposed legislation that are not directly related to the Foxconn project, but are equally important in supporting the on-going economic development activity underway in Wisconsin.

The first provision would increase the total number of enterprise zones available for designation from 30 to 35. The enterprise zone program is one of Wisconsin's most competitive tax credit programs. As of today, WEDC has designated 24 enterprise zones, two of which are no longer active, and there are 12 potential projects currently in our pipeline. The 22 active zones are expected to result in the creation of over 14,800 new jobs, the retention of almost 24,000 existing jobs, and result in an investment of \$2.2 billion. This increase, along with the provision in Governor Walker's proposed budget to re-designate a zone once it has expired or been revoked, will ensure that Wisconsin can continue to meet the economic development opportunities throughout the state.

The second provision includes a special amendment to the enterprise zone program which will allow WEDC to retain the headquarters, and the accompanying 600 plus family supporting jobs, of a long-time Wisconsin-based financial services company. This company has been heavily recruited by another state for relocation and this amendment will provide for a one-time change in how the company's base number of jobs is established. The recent LFB memo indicated the change would provide up to \$10 million in tax benefits for the company. However, that number is based solely on the number of jobs to be retained. The company will also be able to earn an additional \$2.5 million in credits, as described under existing law, on the proposed \$25 million in capital expenditures it will invest. The combination of the retained jobs and capital expenditures will bring the total amount of state incentives to \$12.5 million. With this change, and along with the incentives offered by our local economic development partners, Wisconsin will make a compelling case for the company to retain its headquarters, and the accompanying 600 plus jobs, in Wisconsin.

These two provisions will support WEDC as it continues to proactively engage with companies considering operations in Wisconsin. That level of engagement by WEDC and the rest of state government was crucial in attracting a global leader like Foxconn to our great state.

Wisconsin is ready. With 13,000 family supporting jobs, a \$10 billion capital investment, and countless opportunities for our academic partners, our existing job creating businesses, and our taxpayers – Wisconn Valley will be transformational for our 21st Century economy.

Secretary Neitzel Comments

The magnitude of a project that creates 13,000 new family supporting jobs and invests \$10 billion presents unique challenges for local units of government. There are areas in which the state needs to provide assistance and offer flexibilities to the local communities who might host the facility, which are included in Special Session Assembly Bill 1.

First, numerous changes are made to general Tax Incremental Financing law for a district that includes an Electronics and Information Technology Manufacturing Zone. These changes will ensure that local governments are able to finance the necessary infrastructure improvements related to the project and include extending the expenditure radius, increasing the life of the TID, and exempting the TID from the 12% equalized value rule.

Second, the legislation establishes an Economic Development Grant Program which will have \$10 million available for local governments to assist with additional costs associated with this development.

Third, the legislation allows a local unit of government to utilize the design-build process for new water treatment or sewage facilities, if the expansion or new facility is a result of development associated with this project.

Finally, the state offers its moral obligation for up to 40 percent of the local government's obligations that were incurred for this project. To protect the state's interest under this provision, any debt that is issued with the state's moral obligation would need to first be approved by the Department of Administration Secretary.

The legislation also allows state agencies the regulatory flexibility needed to allow this facility to be operational in a timely fashion while still protecting the public's interest and the environment. These modifications within the zone do not impact any federal requirements, nor does it change any state air, water quality, or solid and hazardous waste standards and permitting requirements.

Environmental Impact Statements:

Under this legislation, state environmental impact statements that have no regulatory consequence and can be time-consuming will not be required for projects within the Zone. The DNR, however, will continue to evaluate and consider all environmental impacts as part of the permitting process. Federal environmental impact statements will still be required.

Wetlands:

Under this legislation, the state wetland permitting process is waived for federal and nonfederal wetlands located within the Zone. Any permitting for federal wetlands would still need to be approved by the Army Corps of Engineers, pursuant to the federal Clean Water Act.

Further, wetland mitigation is strengthened under this legislation. Any wetlands that are filled within the Zone, must be mitigated at a ratio of two acres for every one acre that is filled. This is a higher ratio than required under current state law, which is a ratio of 1.2 acres mitigated for every 1 acre filled.

Waterways:

The legislation allows similar exemptions related to waterways that are already in statute for Milwaukee County. The DNR retains their ability to require a permit for any structures, deposits, bridges and culverts in navigable streams if there would be a significant adverse impact to the public rights and interests.

Lake Michigan Basin:

The bill allows a straddling community to be included in the relevant water supply service area, but does not impact the current Great Lakes Compact.

Certificates of Authority:

The legislation allows the building of new or the relocation of existing public utility infrastructure within the Zone to occur without obtaining a certificate of authority from Public Service Commission, creating a more streamlined and efficient process for public utility infrastructure.

Market-Based Rate:

The legislation will allow a company located within the Zone to nominate a share of their electricity use for wholesale pricing, subject to approval by the Public Service Commission.

Finally, the legislation includes contingent bonding for the Department of Transportation for the I-94 North/South project of up to \$252.4 million. This bonding will be contingent on receiving funds from the federal government. The additional funds, if received, will help ensure the project is completed on time to accommodate the additional commerce that will occur in the region with this project.

With 13,000 new family-supporting jobs and a \$10 billion capital investment, the incentives included in this legislation will provide significant dividends to the state for years to come. The high-tech manufacturing ecosystem that Foxconn will

develop in Wisconsin will transform our state's economy. The creation of Wisconsin Valley, and all related economic development will be felt for years to come. Let's once again have it Made in America: Right here in Wisconsin.

Thank you for the opportunity to testify today about this exciting and transformational project for our state. We look forward to answering any questions committee members may have.

WISCONN VALLEY

MADE IN AMERICA, RIGHT HERE IN WISCONSIN

The legislation cements Foxconn's investment of \$10 billion, creating up to 13,000 family-supporting jobs at what will be one of the largest manufacturing campuses in the world.

The bill seeks to create an Electronics and Information Technology Manufacturing Zone and create therein incentives for job creation and capital expenditures, and expedites regulatory and permitting needs within the zone.

TAX CREDITS

A business certified by the Wisconsin Economic Development Corporation (WEDC) in an Electronics and Information Technology Manufacturing Zone will be eligible for up to \$2.85 billion in performance-based job creation and capital expenditure tax credits. **These refundable credits will not go out the door until and unless the company meets performance metrics. The tax credits paid are subject to clawback and revocation as under current law.**

JOBS:

Foxconn will create up to 13,000 jobs over a six-year period with an estimated average base salary of \$53,875 plus benefits.

- There is a 17% tax credit, capped at \$1.5 billion, for jobs created with earnings above \$30,000 and up to \$100,000 annually.

CAPITAL EXPENDITURES:

The Foxconn campus will have a floor area of 20 million square feet, and an estimated \$5.7 billion will be spent on construction and equipment sourced in Wisconsin and will generate \$348 million in state and local tax revenues.

Tax credits are capped at **\$1.35 billion** for the construction and operation of a facility within the zone.

A sales and use exemption estimated at **\$150 million** will apply to the purchase of any building materials, supplies and equipment eligible for the capital expenditures tax credit and in the zone.

CLAWBACKS:

WEDC retains numerous clawback options for tax credits that are awarded. These include if the company:

- Supplies false or misleading information
- Leaves the zone to conduct the same business outside of the zone
- Ceases operations within the zone and does not renew operation of the business or a similar business in the zone within 12 months
- Fails to maintain employment levels as required in the agreement

LOCAL FLEXIBILITIES

TAX INCREMENTAL FINANCING DISTRICTS:

The bill expands flexibilities to a Tax Incremental Financing District (TID) in the zone, to allow local governments to enhance their infrastructure investments.

- The TID must be industrial or mixed use, and the municipality creating the TID may make expenditures in county as long as they benefit the TID
- Any value of TID within the zone will not count for the purposes of the 12% rule on equalized value.
- The increment allocation period is increased to 30 years and the life of the TID is extended to a maximum of 30 years.
- Municipalities also will have flexibility on the date of creation of the TID and the filing deadline with state Department of Revenue.

MORAL OBLIGATION:

The state is extending a moral obligation to assist with up to 40% principal and interest of a local government's finance costs related to the zone, if the state Department of Administration (DOA) secretary has approved of the obligation before issued.

- Similar moral obligation assurances have been issued relating to large projects including Lambeau Field, Miller Park, the Bucks Arena, and the Wisconsin Center District.

WISCONN VALLEY

MADE IN AMERICA, RIGHT HERE IN WISCONSIN

GRANTS TO LOCAL GOVERNMENTS:

A \$10 million matching grant fund will be created at DOA to help communities in the zone finance unforeseen expenses. The scope of the project is such that it is reasonable to assume there will be expenses not predicted, and this fund is meant to assist locals should an unexpected need arise.

INTERGOVERNMENTAL AGREEMENTS:

The bill allows a shortened timeline for intergovernmental agreements but does not change the public notice/hearing requirements. This allows public input but allows the process to move more quickly.

ECONOMIC DEVELOPMENT LIAISON:

The bill creates a position at DOA that will work in conjunction with WEDC and serve as a point of contact with the company, local units of government and the state to facilitate communication and coordination of projects within the zone.

REGULATORY FLEXIBILITIES

The magnitude and scope of the project presents the need for flexibility and innovation at the state and local levels. These flexibilities allow an expedited and streamlined process, while ensuring strong protections of the public and our environment.

PUBLIC SERVICE COMMISSION AND UTILITIES:

Water and sewer:

The bill allows a local community within the zone to use the design-bid-build process (as is current law for recycling facilities) in construction of a water treatment plant. This will allow them to use a proven, effective method to move the construction process more efficiently and quickly.

The bill would allow a water diversion application from a straddling community within the zone, without a water supply service area plan. **All Great Lakes Water Compact requirements will still be met. Nothing exempts an applicant from the requirements of the Compact.**

Construction of utility or relocating transmission lines:

The bill allows construction of a public utility facility in the zone without a certificate of authority from the PSC.

- This process could take up to six months under current law, and this flexibility allows the state to be nimble in accommodating the energy needs of this project.
- Many other new utility projects do not require approval if they are under a cost threshold or (in case of water utilities) less than three miles long or eight inches in diameter.

The bill also exempts the relocation of transmission lines in the zone from having to obtain a certificate of public convenience and necessity from the PSC.

- Similar exemptions have been granted in the past for other large-scale infrastructure projects like highways and airports.
- Any relocation of transmission lines will be required to follow all statutory regulations.

Electric rates:

The bill allows for market-based pricing for retail customers in the zone, which is typical for other utilities and municipalities in the state.

STREAMLINING PERMITS:

Every federal regulation remains in place for any permit in the zone. A federal Environmental Impact Statement (EIS) will still be required.

LEGISLATION OVERVIEW

WISCONN VALLEY

MADE IN AMERICA, RIGHT HERE IN WISCONSIN

WETLANDS AND WATERWAYS:

We are mandating a **2:1 acre mitigation ratio for any impacted wetlands**. This is the first time this rate of wetland re-creation has ever been required in the state.

Federal wetlands remain under the jurisdiction of EPA and ACOE permitting requirements, but would be exempted from a duplicative state wetland permitting process.

The DNR may waive the permit for certain actions related to bridges, culverts and banks of navigable waterways in the zone; however, the **DNR may still require permits as necessary** to protect public rights or the rights of riparian owners, or to prevent environmental pollution.

TRANSPORTATION ASSISTANCE

Contingency bonding to complete I-94N/S:

The bill provides \$252 million – contingent on the receipt of federal funds – to rebuild and expand the Interstate 94 corridor, which runs along the area Foxconn will locate.

- The 94 N/S project is key to facilitating the increased transportation needs that will come with the jobs and construction related to Foxconn.
- The state will apply for federal matching funds, if received, those funds are and will commit \$252 million to complete the project.

MISCELLANEOUS:

Enterprise Zone changes:

WEDC has seen an uptick in interest from businesses seeking to locate in Wisconsin. The bill increases the allowable number of Enterprise Zones from 30 to 35.

PROJECT SATURN:

The bill contains a provision allowing WEDC to retain a Wisconsin financial services sector HQ – heavily recruited by another state for relocation – by allowing a one-time reset of base job numbers, keeping over 660 jobs in the state.

WISCONN VALLEY

FACTS AND FIGURES

OVERVIEW

With 13,000 jobs and a capital investment of **\$10 billion**, Foxconn's investment in **Wisconsin** is by far the state's largest economic development project and is the largest corporate attraction project in U.S. history as measured by jobs.

The project will be one of the **largest greenfield investments** by a foreign-based company in U.S. history as measured by jobs.

With a floor area of **20 million sq. feet**, the Foxconn campus will be large enough to hold **11 Lambeau Fields**. It will become one of the **largest manufacturing campuses in the world** — eclipsing the New Century Global Center in Chengdu, China, the Tesla Gigafactory in Sparks, Nevada, and the Boeing facility in Everett, Washington.

Foxconn's investment will create the first liquid crystal display (LCD) manufacturing facility in North America and the only one globally that is not located in Asia.

EMPLOYMENT

Once the Foxconn complex is fully operational, it will employ **13,000 workers**. That means if Foxconn were a municipality, its population would be larger than 96% of the cities, towns and villages in the state.

The jobs will have an average **salary of \$53,875**, plus benefits.

The number of Foxconn employees will equal the population of each of these communities: Glendale, Fort Atkinson, Stoughton, Waunakee, Hudson and Chippewa Falls.

SIZE OF FACILITY

The entire Foxconn complex will be located on at least **1,000 acres** of land — or about **1.56 sq. miles** — the same geographic size as Sauk City; Junction City; the Town of Madison; Cambridge; Minong; Winneconne; Weyauwega; Belleville; Crivitz; and Shorewood.

At **20 million sq. feet**, the campus will also will be:

- Three times the size of the Pentagon.
- Four times the size of the Chrysler Headquarters and Tech Center in Detroit.
- Five times the size of the Boeing plant in Everett, Washington
- Bigger than the world's largest airport, the Dubai International Airport

ECONOMIC IMPACT OF FOXCONN IN WISCONSIN CONSTRUCTION PHASE IMPACT

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 will support **10,000 construction jobs** over each of the next four years as well as **6,000 indirect jobs** from the construction.

The capital investment during construction is expected to generate **\$348 million** in state and local tax revenues.

ONGOING ECONOMIC IMPACT

In addition to the **13,000 jobs** directly created by Foxconn, the project is expected to create at least **22,000 indirect and induced jobs** throughout the state.

Foxconn is to make **\$4.26 billion** in supplier purchases annually, about one-third of which will be sourced within **Wisconsin**.

The project is expected to have at least a **\$7 billion** annual economic impact on the state.

The project will generate an estimated **\$181 million** in state and local tax revenues annually, including **\$60 million** in local property taxes.

FOXCONN IN WISCONSIN

WISCONN VALLEY

FAQs

Who is Foxconn and what kind of jobs are they bringing to Wisconsin?

- Foxconn is locating in Wisconsin and will create 13,000 new jobs and invest \$10 billion.
- Foxconn specializes in design, manufacturing and assembly of global computer and high-tech consumer electronics products. The company is well known as the assembler of iPhones.
- Foxconn has chosen Wisconsin to build a new high-tech manufacturing and technology campus to build Liquid Crystal Displays (LCD). This will be the first LCD facility of any kind in North America and will manufacture LCD screens that will be used in everything from self-driving cars to aircraft systems and in the fields of education, entertainment, health care, safety and surveillance.
- The campus will employ thousands of engineers and skilled workers.
- The average wage will be **\$53,875** per year plus benefits.

Where will this be located?

- Foxconn is evaluating multiple sites in southeast Wisconsin to build the plant.
- Businesses all over Wisconsin will benefit from the supply chain needs of Foxconn.

When will this happen?

- Hiring, permitting, planning and construction are set to begin immediately.
- Foxconn plans to be operational in 2020.

What will the legislation look like?

- A special session of the legislature will be called to pass an incentive package necessary for Foxconn to locate in Wisconsin over several other states.
- The tax credit incentives are tied to actual performance. No credits will be given if Foxconn fails to invest capital or create jobs.
- Foxconn will be eligible to earn incentives based on their actual job creation and capital investment. Similar to the construction of the Milwaukee Bucks arena, Foxconn will be eligible for a sales tax holiday for the purchase of construction materials.
- The incentives are projected to cost between \$200 million and \$250 million a year. Once the company is fully staffed, Foxconn's payroll will be an estimated **\$700 million** a year.
- The maximum amount of credits Foxconn will be eligible to earn is \$3 billion over 15 years:
 - Up to \$1.5 billion in state income tax credits for job creation
 - Up to \$1.35 billion in state income tax credits for capital investment
 - Up to \$150 million for the sales and use tax exemption (sales tax holiday)

How is this transformational?

- Foxconn is bringing the future of manufacturing to the U.S., and Wisconsin will be the leader. The technology of the future will be discovered and built in Wisconsin.
- This project will have an impact not just on southeastern Wisconsin but on the entire state. Foxconn will have significant supply-chain needs that will create new opportunities and open new markets to companies in numerous industries throughout the state.

WISCONN VALLEY

FAQs

Will Foxconn follow through? What if they don't come or don't hire as many people as promised?

What if they leave?

- There will be a memorandum of understanding that will outline the terms of the incentives based on expected job creation and capital investment.
- WEDC will underwrite the transaction using the legislative action as guidelines. The agreement will be subject to approval by the WEDC Board of Directors and the satisfactory negotiation of a contract between WEDC and Foxconn.
- Because the incentives are tied to actual performance, Foxconn can only earn the maximum amount of incentives if they fulfill the proposal to create **13,000 new jobs** at an average salary of **\$53,875** and spend **\$10 billion in Wisconsin**.
- The contract with Foxconn will contain clawbacks that will require the company to pay back tax credits if the jobs and investment are not kept in Wisconsin.

How does this compare to others in the U.S.?

- This is by far the largest economic development investment in the history of Wisconsin. This also is the largest corporate attraction project in U.S. history as measured by jobs, and the largest greenfield project – as measured by jobs – involving by a foreign-based company in U.S. history. This more than a single facility or company. This is a once-in-a-century investment that will create a new high-tech manufacturing and technology ecosystem in the United States, with Wisconsin serving as the leader.
- Other job creating investments of this magnitude have received similar incentives from other states. Boeing, Alcoa, GM, and Ford have all received incentives between **\$1 billion and \$8 billion** from Washington, New York or Michigan for fewer jobs.

Local Improvements

- The Tax Incremental Financing District tools available to the municipality where this is located will be expanded to ensure there is capital available for local infrastructure.

It's already hard to find employees in Wisconsin. Won't this make our worker shortage worse?

- **Wisconsin is ready.** Foxconn chose Wisconsin because we have a strong workforce, a top 10 business climate, and world-class educational institutions.
- Talent is attracted to opportunity, and Wisconsin will be able to keep our skilled workforce here and attract top talent from around the country.
- Given the size of the company's investment and the nature of the jobs, Foxconn will attract employee interest from the Midwest, the United States and around the world.
- Opportunities such as this are the reason the administration has made workforce development a top priority. Investments in workforce readiness and entitlement reform will make sure everyone who is able to work can get the skills they need to enter the workforce. The state also plans an aggressive talent retention and marketing effort to ensure Wisconsin businesses are able to take advantage of the opportunities Wisconsin offers. Education at every level, from K-12 to tech schools to higher education, will need to prepare students for the next generation of high-tech manufacturing jobs that Foxconn and its supply chain are bringing to Wisconsin.

WISCONN VALLEY

BACKGROUND

WISCONSIN has been selected as the location for Foxconn's first U.S. production operation, the scope of which will be unprecedented in scale. The project is by far Wisconsin's largest economic development project and is the **largest corporate attraction project in U.S. history** as measured by jobs.

- The project also will be the **largest greenfield investment** by a foreign-based company in U.S. history as measured by jobs.
- Foxconn plans to invest **\$10 billion** in Wisconsin over the next six years. The company will construct a manufacturing campus comprising multiple buildings totaling 20 million sq. feet to produce liquid crystal display (LCD) panels for a variety of industries – from automotive to health care to entertainment. This will be the first LCD factory in the U.S., and the only one globally that is not located in Asia. Currently, LCD panel glass fabrication plants only exist in four countries: Japan, Taiwan, China and South Korea.
- Foxconn expects to **hire 13,000** people in Wisconsin – thousands of whom will be engineers and skilled workers – over the next six years. This figure does not include jobs generated by an estimated **150 suppliers**, nor multiplier jobs that would ripple across the region and state.
- After considering locations in several states, company officials chose Wisconsin for a variety of reasons:
 - The state's strong manufacturing legacy (Wisconsin continues to have the second highest percentage of manufacturing employment among U.S. states)
 - Wisconsin being a Top 10 state for doing business because of our public policy measures, including right-to-work and the Manufacturing and Agriculture Tax Credit
 - The state's ability to develop skilled workers through the University of Wisconsin System, the Wisconsin Technical College System and other educational institutions
- Available real estate needed to secure this massive investment
- Proximity to Milwaukee and Chicago, a region that has a population of more than 10 million
- Beyond the numbers, the Foxconn opportunity represents something larger: the return of electronics manufacturing to the U.S. from Asia. Foxconn's investment will change the economic landscape in Wisconsin and establish our state as the electronics manufacturing capital of North America. Wisconsin has established its place in the 21st Century digital economy.

ABOUT THE COMPANY

- Foxconn Technology Group is the global leader in manufacturing services for the computer, communication and consumer electronics (3C) industry.
- Headquartered in Taiwan, Foxconn helps build products for many of the leading U.S. and international brands and household names in electronics. Foxconn also contributes to the development of a vibrant global 8K-5G ecosystem, which is supported by the company's vertically integrated "silicon to solution" portfolio and supply chain, to deliver intelligent display technology and solutions for use in all aspects of smart lives.
- Terry Gou founded the company in 1974 with \$7,500, a devotion to integrating expertise for mechanical and electrical parts and an uncommon concept to provide the lowest "total cost" solution to increase the affordability of electronics products for all mankind.
- Foxconn generated total annual revenue of \$141 billion in 2015 and was ranked No. 27 on the 2017 Fortune magazine Global 500.
- Foxconn also is a leader in research and development, focusing on the fields of nanotechnology, heat transfer, wireless connectivity, material sciences, and green manufacturing process. The company has several research centers and testing laboratories and has received more than 55,000 patents worldwide.
- The company has facilities in Asia, Brazil, Europe and Mexico. The Wisconsin facility will be its first significant investment in the U.S.

STRONG BUSINESS GROWS IN WISCONSIN.®

Wisconsin's population: 5,784,537

Employed residents: 3,236,752

Business Friendly Environment

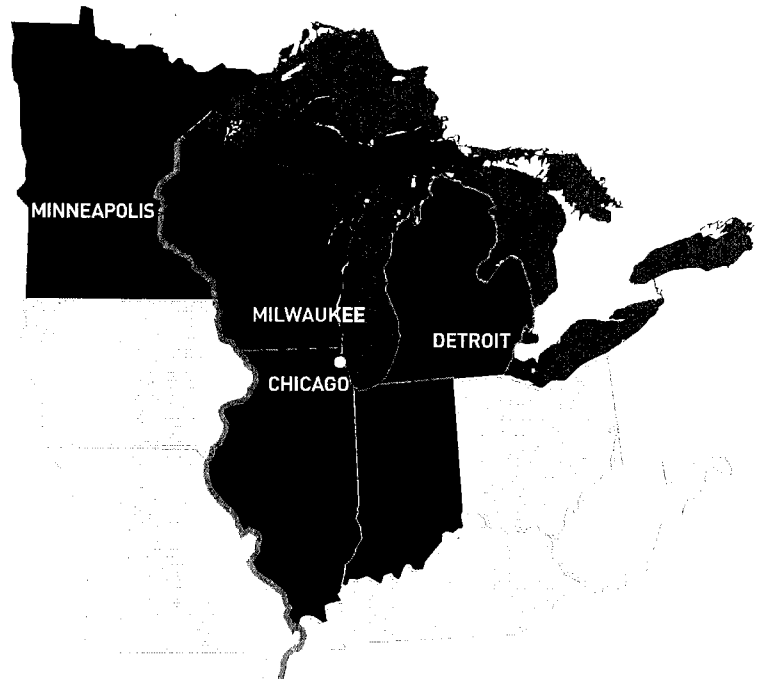
- Wisconsin's Manufacturing & Agriculture Tax Credit virtually eliminates the tax on income from manufacturing activity in the state. The effective corporate tax rate for manufacturing and agricultural activities is just 0.4 percent.
- Wisconsin's Business Development Tax Credit (BTC) Program supports job creation, capital investment, training and the location or retention of corporate headquarters by providing companies with refundable tax credits that can help to reduce their Wisconsin state income tax liability or provide a refund.

Industrial Sector

- Manufactured goods account for 84% of all Wisconsin exports (U.S. Census Bureau data as reported by Global Trade Information Services), with \$55 billion of output (Bureau of Economic Analysis), demonstrating a healthy worldwide demand for products and technologies originating in the state.
- In partnership with manufacturers across the state, the University of Wisconsin System has achieved center-of-excellence status for more than 100 programs geared toward maximizing the state's manufacturing capabilities. The statewide economic impact of these centers of excellence is \$15 billion per year, underscoring the value they add to Wisconsin's manufacturing industry.

Infrastructure

- Wisconsin recently invested \$10 billion in local highways, making the region a major distribution hub for a variety of companies, including Amazon.
- Milwaukee's Mitchell Airport and Chicago's O'Hare (75 minutes from Milwaukee) offer frequent flights to national and global destinations.
- An extensive rail network and proximity to Chicago make it easy and cost-effective to move goods.



Workforce

- With more than 460,000 manufacturing jobs in Wisconsin, the state's manufacturing job concentration is 84% above the national average (Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Annual 2014 Employment).
- From 2010 to 2014, Wisconsin achieved 7.3% growth in manufacturing employment – compared to the nation's 5.8%. (Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Annual 2014 Private Employment)
- Wisconsin has the second highest manufacturing concentration of any state in the nation with 17% manufacturing employment. (Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Annual 2014 Private Employment)
- Investments in workforce readiness and entitlement reform will make sure everyone who is able to work can get the skills they need to enter the workforce.
- Currently, more than 31% of Wisconsin residents have a high school diploma, 21% have some college education, 10.5% have an associated degree, nearly 19% have a bachelor's degree and 9.4% have a graduate degree.



**WISCONSIN ECONOMIC
DEVELOPMENT CORPORATION**

For more information, visit inwisconsin.com or contact
Mark Maley from the Wisconsin Economic Development Corporation
608.210.6706 mark.maley@wedc.org



TO: Members, Assembly Committee on Jobs and the Economy
FROM: One Wisconsin Now
DATE: August 3, 2017
RE: Foxconn subsidy legislation

Thank you, members of the Assembly Committee on Jobs and Economy for the opportunity to provide testimony on August 2017 Special Session Assembly Bill 1 (AB 1). My name is Mike Browne and I am the Deputy Director of One Wisconsin Now.

The provisions of AB 1 embody, on their face, a bad deal. And the more we find out, the worse it gets.

We are here today considering a subsidy package, but do not know what the total amount of their money Wisconsin taxpayers are being asked to send overseas to Foxconn. We don't know how much of Foxconn's liability has already been erased by tax giveaways like the manufacturing and agriculture loophole or how much local governments will be asked to provide. And we haven't accounted for how over \$250 million in state bonding for I-94 South included in this bill impacts our state transportation budget crisis.

But what we do know is that the equation of our tax dollars going out to Foxconn is upside down with the tax dollars coming back. According to Foxconn's own promotional material and Gov. Walker's public statements, we will be asked to take up to \$250 million from our state budget and send it to Foxconn every year, for fifteen years. In exchange, we get back an estimated \$181 million in state and local revenue, \$70 million less than we give away.

An analysis done by Economics Professor Michael Hicks finds this tax subsidy is the equivalent of every household in Wisconsin writing out a \$1,200 check to a multi-billion dollar Taiwanese manufacturer of consumer electronics. We will be paying \$66,000 per job for jobs that the company boasts will pay less than \$54,000.

There's more.

In addition to losing money subsidizing the bottom line of a foreign corporation, Wisconsin taxpayers could lose again because there are no protections to ensure these Wisconsin tax dollars support Wisconsin jobs. We could literally be spending millions of dollars out of our state budget to subsidize the jobs of workers in Illinois and other states.

The bill includes an unprecedented waiver of the ability of our state government to protect our health and clean water. Make no mistake, allowing this project to be undertaken with no environmental impact statements and giving a corporation carte blanche to, for example, fill wetlands and divert streams will be precedent setting. It will lead to the degradation of our ability to protect our citizens and natural resources.

Even a cursory review of Foxconn's troubled record on working conditions should raise concerns. Yet there are no provisions in this bill to guarantee a safe workplace for Wisconsin workers and the American freedom to stand together as a team with your coworkers.

- more -

Finally, we are being asked to trust the Wisconsin Economic Development Corporation (WEDC) to negotiate with and enforce the provisions of a multi-billion dollar contract with a massive international corporation. This same agency has bungled keeping track of its own funds, given state dollars to companies outsourcing Wisconsin jobs and failed to recover money given out for jobs not created. It is not a comforting thought they will now be tasked with handling an undertaking of this size.

These are just some of the questions and concerns about the specifics of this bill and the proposed agreement with Foxconn.

But the central issue to be resolved by you as state legislators is, will you protect the long term future of the state of Wisconsin by investing in us — in our schools, in our roads, in our small businesses and entrepreneurs that drive economic growth?

Or will you instead support this deal, negotiated in secret by a desperate to be re-elected Gov. Walker, and take billions of our tax dollars and send them to boost the bottom line of a foreign corporation, with no guarantees Wisconsin tax dollars will be supporting Wisconsin jobs?

Thank you for your time.

August 3, 2017

TO: Assembly Committee on Jobs and the Economy

FROM: Tom Still, president, Wisconsin Technology Council

RE: Foxconn legislation

Thank you, Chairman Neylon and committee members, for the opportunity to speak today.

The Wisconsin Technology Council is pleased to support efforts to bring Foxconn Technology Group to our state, and our members appreciate the work of this committee to expeditiously move ahead.

Everyone here has heard the numbers: 13,000 direct employees, 22,000 indirect employees, a \$10 billion investment, a supply chain that will extend to all corners of Wisconsin and a physical plant – possibly two – of impressive proportions.

What may be less well known are the prospects for Foxconn's presence in Wisconsin to transform and uplift the state's tech-based economy, from startups to mature companies. It will put Wisconsin on the map for decades to come.

The first liquid crystal display plant outside Asia will be built here. That is consistent with Wisconsin's existing expertise in electronics, power and controls. It is also complimentary to our expertise in medical imaging, medical devices and even drones and autonomous vehicles, all of which will require next-generation screen technology.

It doesn't stop there. Foxconn is a company of massive size and scope. It has interests in biotechnology, cancer, regenerative medicine, software, automation, the Internet of Things, engineering, public safety, artificial intelligence, virtual reality and wearable technology. Again, these are technologies where Wisconsin researchers and companies can help.

If this legislation passes, Wisconsin will no longer be a flyover state. It will be a destination state.

But what happens if the legislation fails to pass? Our fear at the Tech Council is that Wisconsin will fall off the national and international radar screen for many, many years.

Instead of hitting a home run, we would go back to playing “small ball” in the eyes of major companies and site selection experts.

Of course, as legislators, you want to make sure Wisconsin taxpayers are getting a good deal. Not just a deal... but a good deal. While the size of the incentive package is large, it is comparable to incentive plans we have studied in other states.

Our members believe Foxconn’s presence in Wisconsin will transform the economy, top to bottom. We believe the process of bringing Foxconn Technology Group should not stand in the way of the state of Wisconsin’s ongoing efforts to assist its vigorous startup economy and broader technology sector.

We also hope and believe Wisconsin companies and researchers will get a fair chance to engage with Foxconn and its supply chain. We’ve fielded a number of inquiries in the past week or so about how to connect with the company. We stand ready to provide an organized pathway for those connections, perhaps through a website that allows Wisconsin companies to register and showcase their basic expertise.

The executive committee of the Wisconsin Technology Council urges the committee to give this legislation its full attention. For years, policymakers and others in Wisconsin have worked to create more opportunities to keep our sons and daughters at home. This is an opportunity that cannot be missed.

###



LEAGUE OF WOMEN VOTERS®
WISCONSIN

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lwwi.org

August 3, 2017

To: Assembly Committee on Jobs and the Economy

Re: Opposition to August 2017 Special Assembly Bill 1

The League of Women Voters of Wisconsin opposes August 2017 Special Session AB 1, based on our positions supporting responsible use of tax revenues and a physical environment beneficial to life.

While Special Session AB 1 will be of some benefit if it succeeds in adding jobs, the price of Wisconsin's economic incentive for the proposal is much too high. The proposed plant is likely to be highly automated, which means the proposal will generate fewer, more highly skilled jobs. Given the proposed siting of the plant, it is likely that many jobs would go to Illinois residents. That will produce less tax revenue for Wisconsin and less benefit to the state's economy than would be expected if the jobs were held by Wisconsin residents.

In addition to the direct cost of the tax incentive for the project, Wisconsin residents will also pay an environmental cost if this plan is adopted. The proposed bill exempts Foxconn from the constitutional Public Trust Doctrine protections of wetlands and public waterways. Another provision exempts Foxconn from analysis of its environmental impacts - the EIS law. Without the EIS State and local agencies will not be informed of the harm to our water and air quality, repurposing of land and soil (probably from productive agricultural uses), sanitary sewer and transportation infrastructure, and more. In fact, the more complex a project is, the greater the need for a comparison of alternatives and impacts provided through an environmental impact statement (EIS). It would be shortsighted to exempt Foxconn from this responsibility.

For all of these reasons, we urge you to reject August 2017 Special Session AB 1.

August 3, 2017

Committee on Special Session Legislation, WI and Foxconn
Wisconsin Legislators.

SSAB 1

REGISTERING MY CONCERNS AND OPPOSITION TO THIS SPECIAL SESSION LEGISLATION

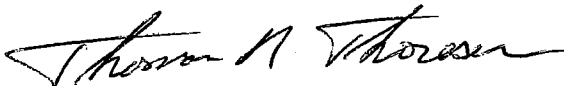
Dear Legislators,

I have been a lifelong WI resident and worked in State government for 30 years most of which was when WI had a reputation for clean, open government. In this particular Special session, "Haste makes waste". This is a cliché often proven to be true. I urge you fully explore the costs and benefits to Wisconsin, the taxpayers, the environment and public health and making these likely outcomes public before signing such a huge commitment on behalf of Wisconsin citizens. Governor Walker has shown to be a poor money manager in State Budgets, in his own run for President and I believe with personal finances(Sears), for you to simply jump because he says so without knowing all the potential benefits and costs.

The job and potential growth may be enticing but safeguards need to be in place before you sign on to assure that this is a win-win agreement.

One of the more troubling parts of this legislation is the lack of safeguards for public health, safety, transportation, all kinds of natural resources and other impacts by exempting and EIS. By also carte blanche exempting water laws, you may be violating "The Public Trust Doctrine" and opening taxpayers to costly litigation that should be avoided as it causes loses for all parties. The same is true for other environmental laws in place to protect both public health, safety and our natural resources.

Thank you for listening.



Thomas Thoresen

5874 Persimmon Drive

Fitchburg, WI 53711

IGM FORUM

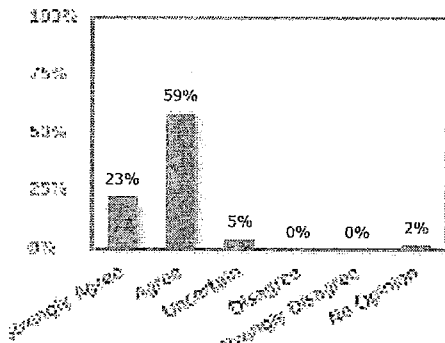
Home : Topics : Infrastructure (Revisited)

Tuesday, September 9th, 2014 7:48 am

Infrastructure (revisited)

Question A: Because the US has underspent on new projects, maintenance, or both, the federal government has an opportunity to increase average incomes by spending more on roads, railways, bridges and airports. (The experts panel previously voted on this question on May 23, 2013. Those earlier results can be found here.)

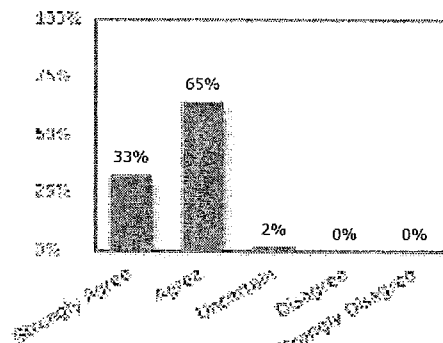
Responses



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Source: IGM Economic Experts Panel
www.igmchicago.org/igm-economic-experts-panel

Responses weighted by each expert's confidence

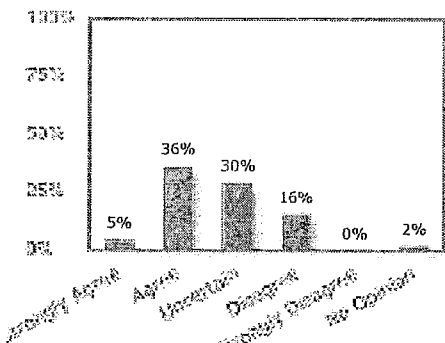


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Source: IGM Economic Experts Panel
www.igmchicago.org/igm-economic-experts-panel

Question B: Past experience of public spending and political economy suggests that if the government spent more on roads, railways, bridges and airports, many of the projects would have low or negative returns. (The experts panel previously voted on this question on May 23, 2013. Those earlier results can be found here.)

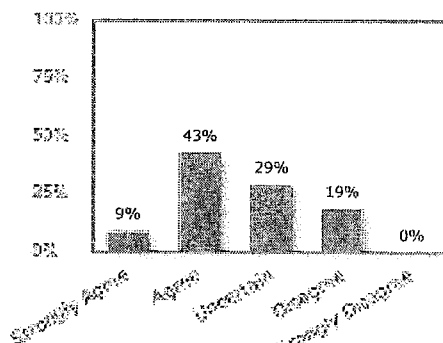
Responses



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Responses weighted by each expert's confidence



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Daron Acemoglu

Harvard Did Not Answer [Bio/Vote History](#)



Alberto Alesina

Yale Strongly Agree 8 [Bio/Vote History](#)



Joseph Altonji

Berkeley Agree 7 [Bio/Vote History](#)



Alan Auerbach

MIT Agree 6 [Bio/Vote History](#)



David Autor

Harvard Agree 3 [Bio/Vote History](#)



Katherine Baicker

MIT Uncertain 1 [Bio/Vote History](#)
How do we know that the US has underspent? Investment will probably raise incomes for Keynesian reasons but will it promote growth?



Abhijit Banerjee

Chicago Agree 4 [Bio/Vote History](#)



Marianne Bertrand

Princeton Agree 4 [Bio/Vote History](#)



Markus Brunnermeier

Harvard Agree 5 [Bio/Vote History](#)



Raj Chetty



Judith Chevalier

Princeton Agree 6 [Bio/Vote History](#)

Janet Currie

Harvard Strongly Agree 6 [Bio/Vote History](#)

David Cutler

Princeton Strongly Agree 8 [Bio/Vote History](#)

Angus Deaton

Stanford Agree 5 Public infrastructure is valuable, and the premise of underspending in this area seems correct. Hence, the conclusion. [Bio/Vote History](#)

Darrell Duffie

Berkeley Agree 8 [Bio/Vote History](#)

Aaron Edlin

Berkeley Strongly Agree 7 [Bio/Vote History](#)

Barry Eichengreen

Stanford Agree 6 [Bio/Vote History](#)

Liran Einav

Yale No Opinion [Bio/Vote History](#)

Ray Fair

MIT Did Not Answer [Bio/Vote History](#)

Amy Finkelstein

Yale Agree 6 [Bio/Vote History](#)

Pinelopi Goldberg

Chicago Agree 6 public goods matter if chosen well [Bio/Vote History](#)

Austan Goolsbee

Chicago Agree 7 seems likely but spending not determined by costs and benefits see innovative proposal below lots of efficiency gains w pricing policies -see background [information here](#) [Bio/Vote History](#)

Michael Greenstone

Stanford Did Not Answer [Bio/Vote History](#)

Robert Hall

Harvard Agree 10 I would say increase average welfare rather than income. There are surely many potential projects where the social benefit exceeds cost. [Bio/Vote History](#)

Oliver Hart

MIT Strongly Agree 7 [Bio/Vote History](#)

Bengt Holmström

Stanford Did Not Answer [Bio/Vote History](#)

Caroline Hoxby

Berkeley Strongly Agree 9 In the long run. [Bio/Vote History](#)

Hilary Hovnes

Stanford Agree 3 I interpret "underspending" to mean that spending more would increase economic productivity. So, yes. [Bio/Vote History](#)

Kenneth Judd

Chicago Agree 6 [Bio/Vote History](#)

Steven Kaplan

Chicago Agree 7 [Bio/Vote History](#)



Pete Klenow

Stanford Agree 5 [See background information here](#) [Bio/Vote History](#)



Jonathan Levin

Stanford Agree 5 [Bio/Vote History](#)



Eric Maskin

Harvard Agree 7 [Bio/Vote History](#)



William Nordhaus

Yale Agree 5 I would rather this be about all kinds, not just physical. [Bio/Vote History](#)



Emmanuel Saez

Berkeley Agree 5 [Bio/Vote History](#)



Larry Samuelson

Yale Agree 8 It would increase welfare; income is more difficult to assess. [Bio/Vote History](#)



José Scheinkman

Princeton Strongly Agree 7 Better regulation and congestion pricing would also help. [Bio/Vote History](#)



Richard Schmalensee

MIT Agree 6 This is a no-brainer as regards roads and bridges, but the federal government doesn't do railroads and rarely if ever does airports. [Bio/Vote History](#)



Carl Shapiro

Berkeley Strongly Agree 9 [Bio/Vote History](#)

Chicago Uncertain 3 [Bio/Vote History](#)





Nancy Stokey

Chicago Did Not Answer [Bio/Vote History](#)



Richard Thaler

Chicago Strongly Agree 7 [Bio/Vote History](#)



Christopher Udry

Yale Strongly Agree 7 [Bio/Vote History](#)

Question B Participant Responses

Participant	University	Vote	Confidence	Comment	Bio/Vote History
 <u>Daron Acemoglu</u>	MIT	Uncertain	7	Past evidence suggests that there will be waste and corruption (a lot of corruption!). But this does not imply that average NPV is negative.	Bio/Vote History
 <u>Alberto Alesina</u>	Harvard	Did Not Answer			Bio/Vote History
 <u>Joseph Altonji</u>	Yale	Agree	8	Both public and private sector investments are risky. Some infrastructure projects will fail even when most have high social returns.	Bio/Vote History
 <u>Alan Auerbach</u>	Berkeley	Agree	5		Bio/Vote History
 <u>David Autor</u>	MIT	Disagree	4		Bio/Vote History
 <u>Katherine Baicker</u>	Harvard	Agree	2		Bio/Vote History
	MIT	Agree	7	Many does not have to mean most and on	Bio/Vote History

Abhijit Banerjee

Chicago Disagree 3

[Bio/Vote History](#)Marianne Bertrand

Princeton Uncertain 3

[Bio/Vote History](#)Markus
Brunnermeier

Harvard Uncertain 1

[Bio/Vote History](#)Raj Chetty

Yale Agree 3

[Bio/Vote History](#)Judith Chevalier

Princeton Agree 6

[Bio/Vote History](#)Janet Currie

Harvard Uncertain 5

[Bio/Vote History](#)David Cutler

Princeton Agree 6

[Bio/Vote History](#)Angus Deaton

Stanford Uncertain 5

The accounting return to the government would be low, but the total returns, include positive social spillovers, could be moderately good.

[Bio/Vote History](#)Darrell Duffie

Berkeley Agree 1

Many projects would no doubt be mistakes, but many is far from most. Most would probably be good investments.

[Bio/Vote History](#)Aaron Edlin

Berkeley Uncertain 5

[Bio/Vote History](#)



Liran Einav

Yale No Opinion [Bio/Vote History](#)



Ray Fair

MIT Did Not Answer [Bio/Vote History](#)



Amy Finkelstein

Yale Disagree 6 [Bio/Vote History](#)



Pinelopi Goldberg

Chicago Agree 6 hard to argue with the reality that some money will end up in powerful districts without much need for it when congress controls [Bio/Vote History](#)



Austan Goolsbee

Chicago Agree 7 currently infra spending does not aim to maximize returns. c. winston research says returns are declining but more research is critical [Bio/Vote History](#)



Michael Greenstone

Stanford Did Not Answer [Bio/Vote History](#)



Robert Hall

Harvard Uncertain 5 Perhaps sometimes true in the past but I don't think it's inevitable. Projects like the interstate highways are notable exceptions. [Bio/Vote History](#)



Oliver Hart

MIT Disagree 5 [Bio/Vote History](#)



Bengt Holmström

Stanford Did Not Answer [Bio/Vote History](#)





Hilary Hoynes

Stanford	Agree	5	The same is true of many investments in the private sector. Hard to imagine the government having a better record than the private sector.	Bio/Vote History
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Kenneth Judd

Chicago	Strongly Agree	10	Just consider the high speed rail system in California.	Bio/Vote History
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Steven Kaplan

Chicago	Agree	3	Depends on what many means, but the perpetual repaving of roads in Chicago is not that atypical of many public projects.	Bio/Vote History
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Anil Kashyap

Stanford	Agree	6	-see background information here	Bio/Vote History
----------	-------	---	--	----------------------------------



Pete Klenow

Stanford	Uncertain	4		Bio/Vote History
----------	-----------	---	--	----------------------------------



Jonathan Levin

Harvard	Disagree	5		Bio/Vote History
---------	----------	---	--	----------------------------------



Eric Maskin

Yale	Uncertain	1	Poorly worded. Surely "many" out of 50K miles, but probably not "most."	Bio/Vote History
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William Nordhaus

Berkeley	Disagree	4		Bio/Vote History
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Emmanuel Saez

Yale	Agree	5		Bio/Vote History
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José Scheinkman

MIT	Uncertain	6	I could agree with "some," but "many" is not obvious. Also, railroads are privately funded.	Bio/Vote History
-----	-----------	---	---	----------------------------------



Richard Schmalensee

Berkeley	Uncertain	1		Bio/Vote History
----------	-----------	---	--	----------------------------------



Carl Shapiro

Chicago	Agree	7		Bio/Vote History
---------	-------	---	--	----------------------------------



Robert Shimer

Chicago	Did Not Answer			Bio/Vote History
---------	----------------	--	--	----------------------------------



Nancy Stokey

Chicago	Agree	3	Same is true for private sector!	Bio/Vote History
---------	-------	---	----------------------------------	----------------------------------



Richard Thaler

Yale	Strongly Agree	6		Bio/Vote History
------	----------------	---	--	----------------------------------



Christopher Udry

10 New Economic Experts join the IGM Panel

For the past two years, our expert panelists have been informing the public about the extent to which economists agree or disagree on important public policy issues. This week, we are delighted to announce that we are expanding the IGM Economic Experts Panel to add ten new distinguished economists. Like our other experts, these new panelists have impeccable qualifications to speak on public policy matters, and their names will be familiar to other economists and the media.

To give the public a broad sense of their views on policy issues, each new expert has responded to a selection of 16 statements that our panel had previously addressed. We chose these 16 statements, which cover a wide range of important policy areas, because the original panelists' responses to them were analyzed in a paper comparing the views of our economic experts with those of the American public. You can find that paper, by Paola Sapienza and Luigi Zingales, [here](#). The paper, along with other analyses of the experts' views, was discussed during the American Economic Association annual meetings, and the video can be found [here](#).

The new panelists' responses to these statements can be seen on their individual voting history pages. Our ten new economic experts are:

- [Abhijit Banerjee \(MIT\)](#)
- [Markus K. Brunnermeier \(Princeton\)](#)
- [Liran Einav \(Stanford\)](#)
- [Amy Finkelstein \(MIT\)](#)
- [Oliver Hart \(Harvard\)](#)
- [Hilary Hoynes \(Berkeley\)](#)

Please note that, for the 16 previous topics on which these new panelists have voted, we left the charts showing the distribution of responses unchanged. Those charts reflect the responses that our original panelists gave at the time, and we have not altered them to reflect the views of the new experts.

We have also taken this opportunity to ask our original panelists whether they would vote differently on any of the statements we have asked about in the past. Several experts chose to highlight statements to which they would currently respond differently. In such cases, you will see this "revote" below the panelist's original vote. We think you will enjoy seeing examples of statements on which some experts have reconsidered.

As with the 16 previous statements voted on by new panelists, these "revote" responses are not reflected in the chart that we display showing the distribution of views for that topic: all the charts for previous questions reflect the distribution of views that the experts expressed when the statement was originally posed.

IGM's Economic Experts and their University Affiliations [see here]

About the IGM Economic Experts Panel

This panel explores the extent to which economists agree or disagree on major public policy issues. To assess such beliefs we assembled this panel of expert economists. Statistics teaches that a sample of (say) 40 opinions will be adequate to reflect a broader population if the sample is representative of that population.

To that end, our panel was chosen to include distinguished experts with a keen interest in public policy from the major areas of economics, to be geographically diverse, and to include Democrats, Republicans and Independents as well as older and younger scholars. The panel members are all senior faculty at the most elite research universities in the United States. The panel includes Nobel Laureates, John Bates Clark Medalists, fellows of the Econometric society, past Presidents of both the American Economics Association and American Finance Association, past Democratic and Republican members of the President's Council of Economics, and past and current editors of the leading journals in the profession. This selection process has the advantage of not only providing a set of panelists whose names will be familiar to other economists and the media, but also delivers a group with impeccable qualifications to speak on public policy matters.

Finally, it is important to explain one aspect of our voting process. In some instances a panelist may neither agree nor disagree with a statement, and there can be two very different reasons for this. One case occurs when an economist is an expert on a topic and yet sees the evidence on the exact claim at hand as ambiguous. In such cases our panelists vote "uncertain". A second case relates to statements on topics so far removed from the economist's expertise that he or she feels unqualified to vote. In this case, our panelists vote "no opinion".

The Economic Experts Panel questions are emailed individually to the members of the panel, and each responds electronically at his or her convenience. Panelists may consult whatever resources they like before answering.

Members of the public are free to suggest questions (see link below), and the panelists suggest many themselves. Members of the IGM faculty are responsible for deciding the final version of each week's question. We usually send a draft of the question to the panel in advance, and invite them to point out problems with the wording if they see any. In response, we typically receive a handful of suggested clarifications from individual experts. This process helps us to spot inconsistencies, and to reduce vagueness or problems of interpretation.

The panel data are copyrighted by the Initiative on Global Markets and are being analyzed for an article to appear in a leading peer-reviewed journal.



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**Testimony in front of the Assembly Committee on Jobs and the Economy
Special Session Assembly Bill 1
Ray Cross, UW System President
August 3, 2017**

Good afternoon. Thank you for the opportunity to share a few thoughts on the Foxconn Technology Group project. As President of the UW System, I want to be clear: the benefits of the proposed Foxconn enterprise to the University of Wisconsin System – and by extension to the State – are enormous. To have the opportunity to be a part of such a transformative project at this time in Wisconsin's history is personally exciting and invigorating.

This project could catapult us (the University and the State) into a position of global prominence in the rapidly growing and important field of digital imagery. It isn't just that liquid crystal display technology will allow us to participate in the most modern manufacturing techniques for smartphones and related technology. It also connects us with other fields that are heavily dependent on the most advanced imaging technology – fields like healthcare, radiology, and intelligent diagnostic systems.

I see three main areas of opportunity for the UW System, and the state. Number one, opportunities for our students, our faculty, and our graduates. Number two, opportunities for expanded business partnerships. Number three, an opportunity to build our educational capacity in important areas.

Let me briefly address each area.

First, the Foxconn project presents new and different opportunities for our students, our faculty, and our graduates. New internship opportunities, new collaborative research opportunities, and of course good job opportunities are also exciting!

Bringing Foxconn's operations to Wisconsin will expand the high-tech manufacturing arena in a state that has traditionally been known for manufacturing other consumer hard goods. This will have major implications for engineering, computer science, medicine, business management, and many more.

UW-Madison and UW-Milwaukee as well as our other campuses are already poised to leverage Foxconn's extensive global partnerships to tap into additional federal and/or private funding to create more opportunities for our UW researchers.

Students will also benefit with expanded internship opportunities. Foxconn has already expressed interest in developing this relationship with UW.

The UW System graduates more than 36,000 students each year. The potential job opportunities with – or related to – Foxconn could help keep these highly educated graduates in Wisconsin. This is particularly important given our long-term demographic challenges.

Second, the Foxconn proposal is an opportunity for the University to develop and expand new and existing business partnerships through a globally connected enterprise.

A key element of our strategic plan, *2020FWD*, is building stronger relationships with the business community.

Our goal is to collaborate strategically with all Wisconsin businesses. As Foxconn defines its future, we need to understand what they want their future to be like – so we can effectively change with them in order to better meet their needs.

This business partnership will also provide an opportunity to work more closely with our K-12, technical college and private college partners as we collaborate to better serve all Wisconsin businesses.

Third, the Foxconn project presents an opportunity for the UW System to build our educational capacity in several vital program areas that will be of benefit to our state, to our existing businesses – and yes, to Foxconn as well.

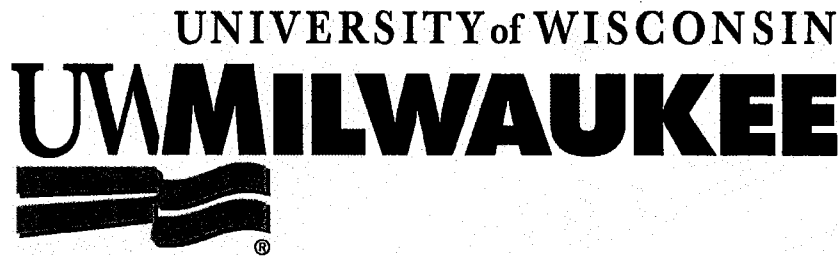
The Joint Finance Committee created an innovation fund in their budget package to increase our capacity in targeted program areas specifically for high demand fields.

Building our capacity in engineering is of particular importance today. As you know, we have nationally recognized engineering programs at UW-Madison and at UW-Milwaukee. We also have outstanding engineering programs at several of our comprehensive campuses. We have requested state support for a new engineering building at UW-Platteville, as well as some much-needed improvements to the engineering facilities at UW-Milwaukee. UW-Madison's College of Engineering is working on a proposal for needed facility and equipment improvements. Last year, the Board of Regents approved a

Chippewa Valley engineering consortium that includes UW-Stout, UW-Eau Claire, and UW-River Falls. Collaborative engineering programs – such as the partnership between UW-Parkside and UW-Milwaukee or UW Colleges and UW-Platteville – also expand the reach of existing programs to students around the state. In addition, the Green Bay community is also seeking more engineers, and we are partnering with areas businesses and the community to find ways to meet their needs.

The Foxconn proposal demonstrates why these moves are important. It also underscores why we must do much more and do it now! Remember, it will take at least four years before our investments today yield the needed additional engineers.

UW-Milwaukee Chancellor Mark Mone, UW-Madison College of Engineering Dean Ian Robertson, and UW-Parkside Chancellor Debbie Ford are here with me to briefly share their campus perspectives on this project.



Testimony re: Foxconn Legislation
Mark Mone, Chancellor, UW-Milwaukee
August 3, 2017

Thank you for the opportunity to offer perspectives on the Foxconn legislation.

Like President Cross, we see potential benefits that will directly strengthen our students, faculty, staff, and alumni at UW-Milwaukee and the larger region. I'll describe three areas in parallel with the UW System benefits:

First, based on our conversations with Foxconn and business leaders in Milwaukee, we believe that benefits will accrue from the increased employment opportunities for our students and citizens in the state. At Milwaukee, we draw almost 90% of our students from Wisconsin and almost this many remain here for their entire working career. With Foxconn and the associated growth in suppliers and supporting businesses, the demand for students in engineering, information technology, computer science and business fields will grow, increasing our enrollments.

A second, important dividend of having Foxconn in the state is that it would strengthen the relationships we have with many of their partner firms, including Rockwell Automation, GE Healthcare, Brady Corporation, and many others. We have longstanding partnerships with these firms and are immersed today in conversations about the need for additional student interns, employees, and research partnerships. Indeed, yesterday at UWM we launched the Rockwell Automation Educator's Conference involving 73 faculty from 37 countries, involving dozens of managers and senior RA leaders. With Foxconn having 170 suppliers in the US alone, we also see tremendous potential for increased demand for students in all areas of UWM as the region grows.

Finally, with additional investments from the state and Foxconn for increased capacity at UW-Milwaukee, UW-Madison, and UW-Parkside, among others, the entire region will benefit from a larger supply of engineering and technology talent. A prime example is the Technology Pathway Partnership between UW-Parkside and UW-

Milwaukee, in which students complete their first two years at Parkside and are streamlined into UWM where they study for mechanical, industrial, electrical or other engineering and computer science degrees. These and related fields are essential for growing a prosperous regional economy.

In closing, thank you, again, for the opportunity to speak to this legislation, which will enable Foxconn to build its operations, develop strong bonds with UW-Milwaukee and others, and strengthen Wisconsin's standing globally.



WISCONSIN

UNIVERSITY OF WISCONSIN-MADISON

Testimony re: Foxconn Legislation
Ian Robertson, Dean, UW-Madison College of Engineering
August 3, 2017

Thank you for the opportunity to present testimony on this legislation. I am pleased to represent UW-Madison Chancellor Rebecca Blank, who could not be here today. UW-Madison is excited about the possibility of partnering with Foxconn. Having a high-tech manufacturer of this scale located in Wisconsin is an excellent opportunity for our students in terms of internships and career placement, and for our researchers in terms of potential research partnerships and the development of cutting edge technologies here in the state of Wisconsin.

UW-Madison already provides a talent pipeline for companies in the state and we look forward to partnering with Foxconn to help meet their demand for highly-skilled employees. We have top-ranked engineering, computer sciences and business programs, including one of the country's top supply chain management programs -- something Foxconn has expressed significant interest in already.

Our College of Engineering has completed a series of renovation projects and has the capacity to enroll an additional 500 to 600 students if funding for additional faculty and staff is provided by the state. Similarly, the university's business and computer science programs can help address the long-term workforce needs of Foxconn, and other businesses in the state, with state investment allowing for the expansion of these programs.

With Foxconn planning to be operational by 2020, we will need to act quickly to ensure there's enough engineering and other talent in the pipeline.

It's important to note that graduates from the UW-Madison College of Engineering are getting multiple offers of employment – there simply are not enough engineering students graduating in Wisconsin to meet the demand of companies. And all of us want to do everything we can to make sure Wisconsin-based companies have Wisconsin graduates working for them. This is good for our state's economy and good for those companies who demand the best and brightest employees.

But in addition to hearing from companies that they need more engineers, we are increasingly hearing that they want those engineers to have some background in business. It's particularly important for those engineers that want to advance into leadership positions within industry. Indeed, Chancellor Blank heard this exact request from representatives from Foxconn when she met with them last month. The Wisconsin School of Business currently offers a Certificate in Business program that provides non-business students the opportunity to earn a concentration in a clearly defined academic program in business. The coursework allows students to develop a foundational understanding of business and apply this to their specific field, such as engineering. I know that many of my College of Engineering students have taken advantage of this program over the last few years.

But there is an opportunity to develop a new program, which will likely launch as a certificate program, between the College of Engineering and the School of Business specifically geared toward teaching engineering skills to business majors, and business skills to engineers. UW-Madison is uniquely qualified to create such a program that would be run by two nationally ranked schools – U.S. News and World Report ranks the College of Engineering's undergraduate program 14th in the nation and the Wisconsin School of Business undergraduate program is ranked 19th. We know that a new program that provides this sort of cross-training to engineering and business students will benefit not only our students but companies like Foxconn and others across Wisconsin that have a significant need for new employees with these complimentary skill sets.

I have already had preliminary conversations with Chancellor Blank and our new Dean of the Wisconsin School of Business, Anne Massey, about our interest in standing up such a program. Support from the state will be key to building the capacity we need to graduate more students with skills like these that companies across our state are seeking.

There are other opportunities with Foxconn as well. In addition to meeting immediate employment needs by graduating more engineers, business students and computer science students, UW-Madison researchers can also assist Foxconn with

technological improvements through all aspects of manufacturing, materials, devices and systems, device architecture, data analytics and data visualization, etc.

In addition, UW-Madison already has strong research partnerships with major health care companies like GE Healthcare. Foxconn also has an interest in this area and could collaborate with UW-Madison's scientists to help develop the next generation of medical devices.

And there are existing ties between the UW Carbone Cancer Center and the National Taiwan University Cancer Center, to which Foxconn chairman Terry Gou is a major donor. The late UW oncologist Paul Carbone spent time in Asia helping develop the oncology profession in countries like Taiwan, where he advised the National Taiwan University. While in Taiwan Carbone met oncologist Ann-Lii Cheng, who then trained at UW-Madison for two years -- overlapping with Howard Bailey, the current director of the UW Carbone Cancer Center. There is significant potential for joint collaborations between these two leading cancer centers.

In closing let me reiterate UW-Madison's great interest in working with Foxconn and its related enterprises. With support from the Legislature we believe there is significant opportunity for Wisconsin students, for research partnerships in the state and for advancing the Wisconsin economy.

Thank you for your time.

UNIVERSITY OF WISCONSIN **PARKSIDE**

Testimony re: Foxconn Legislation
Deborah L. Ford, Chancellor, UW-Milwaukee
August 3, 2017

Good afternoon, I am Debbie Ford, Chancellor of the University of Wisconsin-Parkside. Thank you for this opportunity.

More than 70 percent of UW-Parkside students are from Kenosha, Racine and Milwaukee counties and the majority of our graduates stay in the area. We are minutes from leading global companies and we have numerous partnerships that benefit our students, our faculty, those organizations, and our communities.

We work closely with Gateway Technical College to offer clear pathways to four-year degrees – most notably in the areas of IT and business management.

An opportunity to partner with Foxconn, and companies Foxconn may attract, will take the educational experience for our students and faculty to a new level.

Ninety percent of UW-Parkside pre-med graduates are accepted to the medical schools of their choice – more than double the national average. We offer an elite pre-med program.

It's beyond exciting to think about how a connection with top medical and biotechnology research supported by Foxconn – which was noted in a Milwaukee Journal Sentinel story on Tuesday – might elevate the learning experience of our pre-med and biotechnology students.

The same is true for information technology.

The number of students in our computer science and MIS programs has doubled in the past decade. Our placement rate for computer science graduates is 99 percent. The program is home to the Parkside App Factory, developing mobile-app technology used around the world, including the FRANK LLOYD WRIGHT Trail app here in Wisconsin.

If you are a student interested in the health sciences, technology or business, you will want to study in Wisconsin and establish your career in Wisconsin because you understand the value of a resource like Foxconn. We need to be prepared for unprecedented growth in many of our academic programs at UW-Parkside and throughout the UW System.

One definition of *horizon* is the limit of a person's mental perception. Companies like Foxconn are far beyond the technology horizon, and – as President Cross said – this has the potential to transform Wisconsin and the UW System. Wisconsin becomes a destination for education because it becomes a destination for exciting careers beyond today's horizon.

UNIVERSITY OF WISCONSIN SYSTEM



Closing Remarks **Ray Cross, UW System President**

As you can see, the UW System is perfectly positioned to help the State meet this need and to do it quickly.

We have already been working to expand our capacity in several key fields, including engineering and computer sciences, even before this Foxconn project was brought to the table.

The Foxconn project will increase the demand for our programs and graduates. As the legislature reviews this bill and this project, I hope you will also consider investing to further expand UW System's capacity to meet the critical needs of existing Wisconsin businesses and the ever-changing needs of Wisconsin's future economy.

Thank you for your time.

To the Members of the Committee on Jobs and the Economy:

I am writing in opposition to AB1 that is being discussed today, Thursday, August 3, 2017. I would like my letter entered into the public record. Thank you.

Have we learned nothing from the environmental lessons of the last 60 years? There have been more citations of factory-sourced environmental degradation than I can note here. It is an act of willful ignorance not to take history into consideration while, at the same time, proposing to bypass pollution regulations for a company that is already a known polluter. Foxconn has already been charged with dumping huge amounts of toxic heavy metal pollution, including nickel and copper into the Huangpu River in Shanghai and into the Huangcangjing and Hanputang Rivers. If Foxconn is innocent of these charges, then there is no need to lift regulations in Wisconsin. If they are guilty of these charges, then we must have the regulations in order to protect Wisconsin's citizens in and around the factory and downstream from there.

Many of you claim to be pro-life. It is not a pro-life act to lift protections against toxins that are already known to degrade human health. It is not in the best interest of the state of Wisconsin to create a wasteland, brown fields, damaged rivers and other deleterious conditions that workers and their neighbors would face from Foxconn. Clearly, Mr. Gou, our esteemed legislators and governor, the lobbyists and others with money to gain from this proposal will not have to contend with the health and environmental consequences this bill would bring down on the people in and near the factory and down river from it. Please decide to care for the health and well-being of the people of this state over job numbers and over the lobby support you would receive if you voted for it. There are plenty of ways to create jobs and plenty of ways to gain campaign support. Damaging Wisconsinites' health and our environment is a poor one. If you are pro-life, then I urge you to stand for life here.

Furthermore, Wisconsin taxpayers will be on the hook at a very high cost for the jobs that Foxconn offers. Perhaps this "opportunity" may be seen as a way for Wisconsin's Governor to try to fulfill his jobs pledge. While it may be politically expedient for him and his administration, this is, in many ways, an outrageously expensive proposal that is in the best interest of the few, at the high cost to the many. This proposal does not make financial sense.

I urge you to vote against AB1.

Thank you.

Sincerely,

Heather Bott
610 E Lake View Ave
Whitefish Bay, WI 53217

According to Governor Walker, Wisconsin is "open for business" but what kind and at what cost?

President Trump and Governor Walker recently announced that Chinese Electronics giant Foxconn will build a \$10 billion factory in Wisconsin, a decision that President Trump said will create 3,000 jobs. Governor Walker has pledged \$3 billion from Wisconsin Taxpayers or \$230,679 per job for Foxconn if a projected 13,000 jobs are created or \$1 million dollars per job if only 3,000 jobs are created. I imagine there are plenty of Wisconsin companies and entrepreneurs who could create good jobs in Wisconsin for a lot less than that.

According to Reuters Foxconn's net profit for 2016 totaled \$2.26 billion, up 1.2 percent from 2015, and a 30% increase over the 4th quarter of last year.

So why are we scrambling to waive the environmental regulations that apply to our home-grown Wisconsin businesses while rushing to subsidize the expansion of a giant and very profitable multi-national corporation when that company's management style, as cited in an 83 page report by 20 Chinese Universities, has been described as "a labor camp" with policies that are "inhumane and abusive" with reports of dozens of worker's suicides attributed to low wages and deplorable working conditions.

I don't think this is the kind of model employer we want for Wisconsin workers.

If Foxconn lives up to its commitment and receives the full \$3 billion tax break, it will be the fourth-largest incentive deal in United States history, according to Greg LeRoy, executive director of Good Jobs First, a nonpartisan nonprofit research group in Washington that tracks economic development subsidies.

"We can only describe this as a gift from Wisconsin taxpayers to Foxconn shareholders," Mr. LeRoy said. "This is a guaranteed loser for the state."

As long as Foxconn keeps hiring U.S. workers at the new flat-screen manufacturing facility, Wisconsin would cut the company \$200 million to \$250 million a year for up to 15 years. In contrast, tax revenues from Foxconn have been estimated at \$181 million per year.

Frankly, the Wisconsin Economic Development Corporation's track record, charged with overseeing much smaller "job creation" projects, isn't one that should inspire taxpayer's confidence.

If the Governor and the Legislature want to bring good jobs to Wisconsin let's invest in our University system, our Technical Colleges and our public schools to provide the kind of highly qualified and productive workforce that can attract employers to Wisconsin.

If we want to attract business to Wisconsin, let's invest in our roads and infrastructure and high-speed internet throughout the State to help the economies in our rural communities thrive and grow.

Finally, let's consider taking the cost of health insurance off the back of Wisconsin's employers and entrepreneurs and make Badger Care available to all of Wisconsin's families.

Charles Uphoff
2475 Lalor Rd.
Fitchburg, WI 53575



STATE REPRESENTATIVE
CORY MASON

WISCONSIN STATE ASSEMBLY
66TH ASSEMBLY DISTRICT
REPRESENTING THE RACINE COMMUNITY

To: Members, Assembly Committee on Jobs and the Economy
From: Representative Cory Mason
Date: August 3, 2017
Re: August 2017 Special Session Assembly Bill 1, creation of an electronics and information technology manufacturing zone

Chairman Neylon and Members of the Committee, thank you for the opportunity to testify at today's public hearing today on August 2017 Special Session Assembly Bill 1. This legislation has the potential to create 13,000 jobs in Southeast Wisconsin with an investment of up to \$10 billion over the next 15 years. This influx of family-supporting manufacturing jobs, with an average salary of \$53,875, would be both welcome and unprecedented. Racine is a city with a proud manufacturing tradition, and Foxconn offers the greater Racine area the opportunity to build on this strength to continue advanced manufacturing well into the twenty-first century. It is my hope that this public hearing will also address outstanding questions about this bill, particularly regarding environmental conservation. I believe strongly that we can bring FoxConn to Wisconsin while still conserving our state's precious natural resources.

It is difficult to overestimate the beneficial economic impact Foxconn could have on Southeast Wisconsin. In addition to the construction jobs, permanent engineering and manufacturing jobs, and other new employment directly created by Foxconn, many businesses will be created and expand to provide logistical support to Foxconn. The bill's proposed \$252,400,000 North-South expansion of I-94 will also benefit Southeast Wisconsin's economy immeasurably. More reliable transportation and better roads will bring more jobs to Southeast Wisconsin and the entire state.

I am also pleased that the Memorandum of Understanding Foxconn reached with the State of Wisconsin requires that any economic incentives received by Foxconn are linked to job-creation performance. Put simply, if Foxconn does not create jobs in the electronics and information technology manufacturing zone, the company will not receive tax credits and other economic incentives from the state. Foxconn will not continue to receive incentives if it departs the manufacturing zone.

It is important that thousands of new jobs created in Wisconsin are held by native Wisconsinites. It is my hope that this committee will consider provisions that ensure local residents are hired to fill the middle-class jobs so many in Southeast Wisconsin desperately need. As exciting as this proposal is for the State, it will require further investment in technical education to close the skills gap and ensure that Wisconsinites secure the high-paying job of the future.

Many of my constituents have contacted me to say that they are excited about the jobs this legislation could create, but they are also concerned about the environmental impact this bill may have. The elimination of an environmental impact statement requirement makes it difficult to assess what natural resources exist in the new manufacturing zone. Without such an assessment, it will be difficult to ascertain how property values and public health may be impacted by the bill. Residents of the Racine community must continue to have access to clean, safe drinking water. Citizens have a right to know how their air and water quality will be impacted by this legislation.

The bill also exempts the new manufacturing zone from state wetlands permitting, and it will be a challenge to figure out the potential wetlands impact without an environmental assessment of the area. Provisions of the bill allowing the filling of lake beds and exempting the manufacturing zone from permitting of navigable waters are also concerning. Wisconsin's lakes and rivers are some of the state's most precious assets, and a critical component of Wisconsin's tourism economy. Leaving these waterways unharmed is critical to maintaining Wisconsin's sporting heritage.

Thank you again for the opportunity to testify on this vitally important legislation. I look forward to learning more about the economic development and environmental protection implications of SS AB 1 at today's hearings. I am happy to answer any questions you may have.



Metropolitan Milwaukee
Association of Commerce

Assembly Jobs and Economy Committee Testimony

August 3, 2017 Special Session Assembly Bill 1

Tim Sheehy, President MMAC

Chairman Neylon, Members of the Jobs and Economy Committee, thank you for the opportunity to appear today in support of Special Session Assembly Bill 1.

For those of you I have not met, my name is Tim Sheehy, President of the Metropolitan Milwaukee Association of Commerce. MMAC's membership represents 300,000 jobs in S.E Wisconsin.

MMAC and our sister economic development organization the Milwaukee 7, were involved up front in the effort to recruit Foxconn, supporting Gov. Walker, WEDC and our local government partners.

We are thrilled with the opportunity to add Foxconn's unprecedented capital investment and job growth plans to our region. I back that statement up with 30 years of economic development experience, including more than two dozen corporate recruiting trips to Asia, Europe, the Middle East, and South America.

Less than 4 months ago, we announced the largest foreign direct investment in WI history as Haribo (German maker of Gummy Bears) chose Kenosha to build an 800,000-sq. foot plant with plans to employ 600.

What we are talking about supporting today is unprecedented, a 20 million square foot plant with 13,000 workers.

I would like to make **two** specific comments related to the incentive package under consideration by this committee and your legislative colleagues.

#1. WI job tax credits are competitive and balanced

On paper, this is the largest corporate attraction project in U.S. history. Every state competing for this project had a competitive incentive package. While no state likes incentives, job competition is fierce, and WI cannot unilaterally disarm. Among the top 5 attraction projects since 2006, the WI incentive package is well within the parameters of comparative deals. (See chart on both capital expenditure and job creation).

MMAC worked with Gov. Doyle's administration to craft the state's incentive language and we think the incentive language used is best in class in balancing incentives while protecting the state taxpayer. It is a pay-as-you-grow plan. Tax credits flow only after the jobs are created.

Case in point: the \$1.5B job tax credit for Foxconn is paid out over 15 years only if the 13,000-job target is hit. If for example, job growth reaches 5,000, the trailing job tax credit is proportionally smaller at \$577M.

#2. Incentive package delivers a broad return for WI

You have heard a lot of numbers today, so I do not want us to miss the forest for the trees. The economic impact from this incentive package swells well beyond the physical location of the plant, rippling across the state.

- During the build, the facility construction will be a positive “shock” to our economy. 16,000 construction and related jobs per year during the 4-year construction period. Average wage for those employed by contractors and equipment manufacturers is \$59,600.
- A Foxconn plant employing 13,000 people will provide jobs that start at \$20/hr, and support an average wage of \$54,000. That constitutes an annual payroll of \$956M.
- Do the math: Over the 15 years in which the \$1.5B in tax credits are paid out, they incent a new payroll of almost \$15B -- a good return on investment.

- Pulled together, this project will drive not only jobs at Foxconn, but also jobs in WI supply chain, housing, retail, education, and hospitality. A modest economic multiplier supports 35,000 jobs per year from this economic activity. Clearly, a broad return for WI economy.

This is a smart, well-constructed jobs tax credit package that will help WI. To quote Blake Moret, President & CEO of Rockwell Automation, one of the world's leading manufacturing experts "this Foxconn project will put WI at the center of next generation manufacturing for the foreseeable future".

Now that is the forest WI should see.

Incentive Metrics: Large US Corporate Attraction Project

The table below summarizes the key project and incentive metrics for five of the largest corporate attraction projects completed since 2006:

Company	Year	State	Capex	New Jobs	Incentive Value	Incentive/Job	Incentive: Capex Ratio
Tesla	2014	NV	\$10.00B	6,500	\$1.29B	\$198,000	.13
Advanced Micro Devices	2006	NY	\$3.20B	1,200	\$1.20B	\$1,000,000	.38
ThyssenKrupp	2007	AL	\$5.00B	2,000	\$1.07B	\$536,500	.21
Boeing	2009	SC	\$0.75B	3,800	\$0.90B	\$236,842	1.20
SolarCity	2014	NY	\$5.00B	1,500	\$0.75B	\$500,000	.15
Foxconn	2017	WI	\$10.00B	13,000	\$3.00B	\$230,769	.30

Assembly Committee on Jobs and the Economy

**PUBLIC HEARING
ON**

August 2017 Special Session - Assembly Bill 1

**Thursday, August 3, 2017
1:30 PM
412 East**

**Testimony of
Mr. Gale Klappa
Chairman of WEC Energy Group
Co-chair of the Milwaukee 7
August 3, 2017**

Chairman Neylon, Committee Members,

Good afternoon and thank you for allowing me to appear before you in support of **Special Session Assembly Bill 1** -- the legislation that will advance Foxconn's planned investment in Wisconsin.

My name is Gale Klappa. I'm Chairman of WEC Energy Group. Based in Milwaukee, WEC Energy Group is one of the nation's premier energy companies, serving 4.4 million customers in Wisconsin, Illinois, Michigan and Minnesota. As many of you know, WEC Energy Group is the parent company of both We Energies and Wisconsin Public Service.

Over the course of the past 30 years, I've been involved in energy and economic development matters in 10 U.S. states and the United Kingdom.

I'm also honored to also serve as a Co-chair of the Milwaukee 7 -- or as it is commonly called -- the M7.

The M7 is the regional economic development arm for the seven counties of southeastern Wisconsin: Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha.

M7 markets the region to companies that are looking to expand their operations or locate here. We've worked with companies as close as northern Illinois and as far away as Taiwan. Since its

forming more than a decade ago, M7 has been involved in 82 project wins, resulting in more than 15,800 direct jobs, \$870 million in annual wages, and \$1.4 billion of new capital investment for our region.

Mr. Chairman, members of the committee, I am delighted to support Governor Walker's efforts to secure this unprecedented partnership between Foxconn and the state of Wisconsin.

As you've heard from others today, the Foxconn opportunity is anything **but** a normal economic development project. The potential impact for manufacturing leadership, economic growth and family-sustaining career opportunities is beyond anything Wisconsin has ever seen.

In essence, Foxconn is promising to bring to our state a high tech industry that simply does not exist in the United States today. And, as that promise is fulfilled, Wisconsin will stand at the center of the evolving digital world.

Before I conclude my remarks, I would like to add one other point.

Foxconn has made it clear to us that reliable and affordable energy was a significant factor in their decision to choose Wisconsin.

I'm pleased to report that Wisconsin's energy providers have upgraded all facets of the state's energy system over the past decade. We Energies now has a modern and dependable generating fleet that is poised to serve Foxconn and the suppliers that will follow. We Energies also has an award-winning electric distribution network—a network that has been named the most reliable in the Midwest for six years in a row. Doing their part, the American Transmission Company has also upgraded the state's transmission system to ensure outstanding reliability.

In summary Mr. Chairman and members of the Committee, I believe that the partnership between Wisconsin and Foxconn is a true "game changer" for the state we love. Like Silicon Valley in California and the Research Triangle in North Carolina, this project could be the catalyst that transforms our economy for generations to come.

With that vision, I urge you to support **Special Session, Assembly Bill 1**.

Thank you.



OFFICE OF THE COUNTY EXECUTIVE
Milwaukee County
CHRIS ABELE • COUNTY EXECUTIVE

**Testimony Of Teig Whaley-Smith, Director Of Administrative Services
on behalf of Milwaukee County Executive Chris Abele**

Aug 2017 Special Session AB 1 – In Favor
Assembly Committee on Jobs & the Economy
August 3, 2017

Chairman Neylon & members:

Good afternoon, my name is Teig Whaley-Smith and I am the Director of Administrative Services for Milwaukee County. I am here today on behalf of County Executive Chris Abele who is out of the country this week. The County Executive enthusiastically supports this bill and bringing Foxconn to Wisconsin.

Milwaukee County is an anchor to the Milwaukee 7 region, the region where Foxconn is considering a \$10 billion investment, projected to create 13,000 direct jobs, and 22,000 indirect and induced jobs throughout the state.

Together, as a region we have the capacity to make the Foxconn investment a success, and also benefit regionally from this historic investment. As an anchor to the M7 region, Milwaukee County is a transportation hub for the activity that Foxconn will generate. The region's major highways, and freight lines, are adjacent to Milwaukee County's General Mitchell National Airport. The airport has abundant capacity and multi-modal connectivity that can support the additional logistical requirements of a major manufacture locating into southeastern Wisconsin. Through this multi-modal connectivity, Foxconn and its suppliers will have direct access to air, freight and sea through the Port of Milwaukee.

Although Milwaukee County does not have the contiguous land to locate Foxconn itself, there are dozens of industrial sites ripe for opportunity, directly in Milwaukee County, that are connected by the same multi-modal connectivity that connects the airport. These industrial sites have access to municipal sewer and water and other amenities that make them perfect for suppliers and other companies affiliated with Foxconn. When we talk about 22,000 indirect and induced jobs, we expect Milwaukee County to directly benefit from many of those jobs.

The investment by Foxconn will also be a boon for existing companies within Milwaukee County. For example, Rockwell Automation has already announced a partnership with Foxconn. The Chairman of Foxconn put it best, "Foxconn is the global leader in electronics design manufacturing, and Rockwell Automation is the world's largest company dedicated to industrial automation and information. I am confident that together we will increase operational efficiencies in electronics manufacturing to new levels." In Milwaukee County, we fully expect additional collaborations with our world class companies and institutions.

Finally, the partners in Milwaukee County have built the infrastructure to train Milwaukee County residents to compete for these new positions. Milwaukee County through its Uplift Milwaukee

investment has partnered with Employ Milwaukee to specifically focus on workers in low income areas to place them in the jobs of the future. This includes sector based initiatives specifically targeted towards construction, manufacturing and other growth sectors.

There is no doubt that this bill, and the subsequent Foxconn investment, will be a major win for Wisconsin, the M7 region, and Milwaukee County itself. What's good for the region is good for Milwaukee County, and vice versa. The partnerships between Milwaukee County businesses and Foxconn are already occurring, and more are sure to come, together with new businesses that will support Foxconn and employ Milwaukee County and other regional residents. The County Executive fully supports this bill and Foxconn's move to Wisconsin.



Bryan D. Albrecht, Ed.D.
President and CEO

August 3, 2017

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Wisconsin State Legislature
Assembly – Committee on Jobs and the Economy

Thank you Chairperson Neylon, committee members and special guests. This is a very exciting and important time for our state.

Governor Walker and the Wisconsin leadership team have opened a new runway for economic growth and deserve our appreciation.

Foxconn is more than a company looking to build a factory in our state. It represents the beginning of a new economy. An economy driven by innovations that amaze and inspire us all. Innovations that are transforming the way we live our lives, protect our families and define how work is performed.

The Foxconn Industry 4.0 manufacturing protocol connects the cyber and physical world in ways that allow for data driven systems to respond to machine automation.

This new paradigm is often referred to as smart factories. Smart factories are significantly different than traditional manufacturing. Data and automation allow machines to communicate directly with each other and adapt manufacturing process requirements specific to the products being produced.

We all appreciate lower energy bills because of smart grids and where would we be without our smart phones. These are everyday examples of data connected systems.

I am here today to encourage you to support this smart investment. One that will give our youth the opportunity to lead in the knowledge and skills evolution necessary to compete in this new digital world.

The Wisconsin Technical College System and specifically Gateway Technical College are critical assets for this investment. We partner with industries to align their education and training needs, with the interests and abilities of the citizens we serve.

The Gateway District is uniquely positioned to demonstrate Wisconsin's ability to supply global industry leaders like Foxconn with the talent and the foundation support systems necessary to manufacture at 4.0 levels.

Our commitment to Foxconn and the hundreds of other companies we work with is also dependent on our ability to increase capacity in advanced manufacturing.

Gateway is requesting a \$5 million investment to expand our SC Johnson integrated Manufacturing and Engineering Technology Center specifically addressing the impressive employment numbers expressed by this project.

We believe this investment is the smart way to assure our region will be ready to welcome the world to Wisconsin Valley.

Thank you,

Bryan D. Albrecht, Ed.D.
President and Chief Executive Officer

Gateway Technical College

Foxconn Training Support Request

State grant request: \$5,000,000 GPR for facility expansion

Gateway Technical College, located in Racine, Kenosha, and Walworth Counties, is geographically positioned to serve the intensive advanced manufacturing training needs of Foxconn at Gateway's SC Johnson integrated Manufacturing and Engineering Technology Center (iMET) in Sturtevant.

Ongoing industry expansion and economic growth in southeast Wisconsin has the iMET Center currently at capacity, serving an average of 700 students per semester. Programs now offered at iMET include: electrical engineering technology, electronics, mechatronics, mechanical design, mechanical engineering technology, civil and architectural engineering, computer numerical control, fresh water technology, telecommunications, entrepreneurship, business services, additive manufacturing, and "boot camp" training programs.

Foxconn states that they intend to train and hire up to 13,000 employees. Gateway's request would fund expansion of the current iMET Center by 25,000 sq. feet, increasing capacity by 1,000 students, to meet Foxconn's workforce demands while continuing to serve other employers throughout the district. Gateway has developed a facility plan for the additional footprint with engineering and construction costs of \$5.0 million.

Under s. 38.15 WTCS statutes, capital expenditures by technical colleges are limited to \$1.5 million every two years, excluding gifts, grants, or federal funds. Gateway currently plans to use their \$1.5 million authority to relocate CNC labs to iMET from Racine, in order to make space at the Racine campus for an expansion in the food manufacturing program. This expansion is in direct response to the training needs of Haribo, which also recently announced plans to locate a new manufacturing facility in the area. Both projects are important to support new employers moving into Wisconsin.

The new iMET lab space would support program expansion in: computer integrated engineering, material science, Industry 4.0 mechatronics, material handling, packaging, and logistics. Regardless of facility expansion, Gateway expects to experience increased operating costs related to Foxconn and is prepared to utilize college resources, including local taxpayer and tuition revenues, to support faculty, curriculum, and materials necessary for Foxconn programming.

Expanding the iMET Center would double Gateway's capacity to train in advanced manufacturing and address specific technical career training required by Foxconn.



To: Assembly Committee on Jobs and the Economy

From: Tom Larson, Senior Vice President of Legal and Public Affairs, WRA
Jim Villa, Chief Executive Officer, NAIOP Wisconsin

Date: August 2, 2017

RE: Foxconn Legislation – AU7 AB 1

The Wisconsin REALTORS® Association (WRA) and NAIOP Wisconsin support AU7 AB 1, legislation aimed at transforming the economy and real estate market in southeast Wisconsin and throughout the state by providing necessary financial, infrastructure, and regulatory reform incentives to attract Foxconn to Wisconsin.

Background -- With Foxconn's recent announcement to build a multi-billion dollar flat panel screen plant in Wisconsin, we have a unique opportunity to attract a major employer to our state. The new Foxconn plant will create up to 13,000 new jobs and could generate over \$10 billion in capital investment in Wisconsin. During the construction phase, an additional 10,000 jobs directly related and 6,000 jobs indirectly related to the construction activity will likely be created. Moreover, other Wisconsin companies and communities will benefit from an estimated \$1.4 billion in purchases of materials and products to support its manufacturing activities.

Early estimates indicate that Foxconn's proposed manufacturing and assembly plants could be approximately 20 million square feet in total size and could require up to 1,000 acres of contiguous, vacant land. Large areas of land this size in locations with the necessary infrastructure (roads, sewer, access to highways, etc.) to accommodate manufacturing and assembly activities are rare. Accordingly, flexibility in regulations that would affect the development on this property will likely be necessary.

AU7 AB 1 -- The proposed legislation seeks to provide the necessary regulatory flexibility to accommodate such a large manufacturing and assembly plant on a unique site. Specifically, AU7 AB 1 makes a number of changes to the regulations potentially affecting the development of the proposed plant including the following:

+ Eases restrictions on TIDs – Current law limits the amount of property that can be located in tax increment districts (TIDs) to 12 percent of the total equalized value of property within the community. Because tax increment financing (TIF) is one of the only tools local communities in Wisconsin have to build necessary infrastructure for economic development, many fast growing communities have reached or are near the

12 percent cap. To ensure that the community in which Foxconn locates can use TIF to build the necessary infrastructure, AU7 AB 1 creates an exception to the 12 percent rule for that community. In addition, the bill extends the life of any TID created for Foxconn to 30 years, rather than the 20 years imposed by current law.

+ Eases wetland restrictions – Wisconsin is one of the only states in the country to regulate nonfederal or isolated (not connected to navigable waters) wetlands. (The federal government (EPA and Army Corps) regulates federal wetlands.) The definition of wetlands is broad and includes any land that is capable of growing aquatic vegetation and has soils that indicate wet conditions, and includes artificial (man-made) wetlands. Under current law, any disturbance or discharge to a nonfederal wetland requires a permit from the DNR and requires mitigation at a ratio of 1.2 acre for each acre of wetland that is disturbed. AU7 AB 1 eliminates the permit required to disturb an isolated wetland but, in exchange, increases the mitigation requirements to a ratio of 2.0 acres for each acre of wetland (both federal and nonfederal wetlands) that is disturbed. This will result in a net increase in the amount of wetlands in Wisconsin.

Because the proposed regulatory changes will help make the development and approval process more predictable and timely for the Foxconn manufacturing project, the WRA and NAIOP Wisconsin respectfully request your support for AU7 AB 1.



WISCONSIN MANUFACTURERS & COMMERCE

**Testimony Before The Assembly Committee on Jobs and the Economy In Support of August
2017 Special Session Assembly Bill 1**

Chairman Neylon and Committee Members:

Thank you for the opportunity to testify today. My name is Lucas Vebber and I am the General Counsel and Director of Environmental and Energy Policy at Wisconsin Manufacturers and Commerce (WMC). WMC is the state's chamber of commerce and manufacturers' association. With approximately 3,800 members, we are the largest business trade association in Wisconsin. WMC represents members from all over Wisconsin of all sizes and in every sector of the state's economy. I am here today to testify in support of Special Session Assembly Bill 1.

Manufacturing drives our state's economy. It is Wisconsin's top employment sector, and makes up about 20% of GDP. Nearly half a million Wisconsinites work in manufacturing, producing more than \$22 billion in exports each year. Manufacturing is what we do. We make things in Wisconsin, and we make them better than anywhere else in the world. Our strength in manufacturing has led to a tremendous new transformational opportunity to grow our state's economy – Foxconn.

The opportunity before our state is a validation of the pro-growth reforms that have been enacted in recent years. The improvements to Wisconsin's business climate through tax, regulatory and litigation reforms over the past six years have literally changed the way the world looks at Wisconsin. Whether it was Act 10, the Manufacturing and Agriculture Credit, or Right to Work, Wisconsin has shown that we are open for business and are here to compete and win against anywhere in the world.

These reforms, combined with Wisconsin's high quality of life, low cost of living, great communities, world-class schools and diverse recreational activities have set our state up for success for a generation and beyond. The legislation before you today keeps our state moving in the right direction, and we ask that you support it.

Since this legislation was made public last week there has been a significant amount of misinformation spread by those who simply wish to stymie economic development in our state. These are the same individuals who refuse to recognize the reality that these reforms are working.

Environmental activist groups have been misleading the public for the past several days about the extent of the permitting reforms in this legislation. The reality is this legislation maintains our state's strong environmental protections while providing a regulatory atmosphere necessary to draw this once-in-a-lifetime opportunity to our state.

It's important to note that the regulatory changes proposed in this legislation are not permanent, and they do not apply statewide. These are temporary changes that apply only within a designated "Electronics and Information Technology Manufacturing Zone." Only one such zone may be designated, and only for a period of 15 years.

Environmental Impact Statements

For "major actions," state law requires the preparation of an Environmental Impact Statement (EIS). A "major action" is defined in regulations as anything that's not a minor action, and minor actions are very limited. The EIS is essentially a book report, summarizing what types of permits may be required in the future, it does not issue permits or any approvals. These documents can be incredibly time consuming even though they have absolutely no regulatory consequence.

This legislation provides that projects within the specifically designated zone are not "major actions." Such projects would thus, not be required to prepare an EIS. This change in no way exempts such projects from permitting, it merely absolves such a project from taking part in a burdensome, time consuming and costly paper chase that benefits no one.

Wetlands

There are two types of wetlands in Wisconsin: federal and nonfederal. Federal wetlands are those wetlands subject to the Clean Water Act and require federal permitting. This legislation does not (and the State of Wisconsin cannot) change those federal permitting requirements. Wisconsin also regulates nonfederal, isolated, intrastate wetlands. Wisconsin was the first state in the nation to regulate such non-federal wetlands. Few states have followed our lead in adopting this onerous, unnecessary, and unique regulatory framework.

This legislation would exempt a project in the specifically designated zone from the additional state-specific permitting requirements. It's important to note that federal permitting requirements and state-based mitigation requirements still apply. In fact, those mitigation requirements are increased. Under this legislation, any adverse impacts to wetland functional values, federal or nonfederal, will have to be mitigated at a 2:1 ratio, which is 66% more stringent than what is required under current law.

Other Permitting Changes

This legislation also expands certain current-law exemptions to include the construction, access or operation of a new manufacturing facility within an Electronics and Information Technology Manufacturing Zone. For example, under current law any agricultural use of the land or any activities in Milwaukee County are exempt from permitting requirements to construct or enlarge an artificial water body that connects to navigable water. This legislation would have

state law treat the newly specifically designated zone just as it treats agricultural uses statewide and activities in Milwaukee County.

Public Trust Doctrine

Opponents to this development have also brought up the public trust doctrine and are claiming our state's constitution prohibits these reforms. This could not be further from the truth. As our Supreme Court has made clear time and time again, most recently in the 2013 Rock-Koshkonong v. DNR decision (350 Wis.2d 45), the public trust doctrine only applies to navigable waters, and only up to the ordinary high water mark ("There is no constitutional foundation for public trust jurisdiction over land, including non-navigable wetlands, that is not below the OHWM of a navigable lake or stream."). Additionally, as noted above, other changes in this legislation merely expand current law exemptions. Claiming that these changes violate the public trust doctrine would be claiming that current law violates the public trust doctrine. It does not. Any attempt to claim this legislation would violate the public trust doctrine is nonsense and runs contrary to long standing legal precedent.

These reforms do not, in any way, reduce or modify any air or water quality standard in our state. This legislation does not exempt any business from air or water quality standards. Foxconn, like anyone else in Wisconsin, will have to obtain air and water permits as necessary to operate, and will need to abide by Wisconsin's stringent environmental standards in order to do so.

This is a landmark moment. The world is literally watching. Wisconsin has made far too much progress to turn back now. Let's make these common sense and necessary reforms and make this transformational project a reality.

Thank you for your time, I would be happy to answer any questions you may have today.

WAUKESHA COUNTY BUSINESS ALLIANCE

Advocate

Develop

Network

Promote

Dear Honorable Members of the Wisconsin State Legislature:

On behalf of the Waukesha County Business Alliance and our 1,200 members, I am writing to you in strong support of the proposed legislation which authorizes an incentive package for Foxconn Technology Group's investment in Wisconsin.

We applaud the work of Governor Walker and Wisconsin leaders in this unprecedented opportunity, which will be a game-changer for our state and our region. This is by far the biggest economic development project in the history of Wisconsin, the biggest investment from a foreign company in terms of job creation in the history of the United States and one of the biggest in terms of capital investment – all of which justify bold and aggressive actions by the legislature.

The incentives being offered by the state will be tied into metrics and awarded based on actual results, and the proposed opportunities for Wisconsin are staggering:

- Up to \$10 billion in investment
- 3,000 initial jobs with a projected maximum employment of 13,000
- \$53,875 annual average salary
- Up to 20 million sq. ft. across 1,000 acres
- 10,000 construction jobs to build the campus
- 22,000 indirect jobs
- \$4.26 billion in annual supplier purchases
- Estimated \$7 billion in economic impact

Business investment anywhere in the state is good for all of us and the ripple effect of this investment throughout southeastern Wisconsin and Waukesha County will be tremendous. We feel that Waukesha County is well poised to be a major contributor to this effort.

Foxconn is expected to make \$4.26 billion in supplier purchases annually, and about one-third will be sourced from companies inside Wisconsin. Foxconn has asked for information on complete supply-chain needs within 100 miles of the site, which includes Waukesha County. We have a strong manufacturing base in Waukesha County, and many of our manufacturers can supply the components Foxconn would need. Industries such as plastics, thin-film technology, flexible printing, adhesives and electronic components are abundant here and those companies are ready to embrace any opportunities that a partnership with Foxconn could bring.

In addition, we have outstanding post-secondary institutions and a strong connection between business and the K-12 system, both of which are already preparing students for the kinds of jobs that will be available at a high-tech company like Foxconn.

WAUKESHA COUNTY BUSINESS ALLIANCE

Advocate

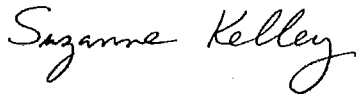
Develop

Network

Promote

The incentives being offered by Wisconsin are carefully thought out and include the appropriate measures such as “pay as you go” tax credits, clawback measures, regulatory relief and more. We at the Waukesha County Business Alliance recognize that our state has never had an opportunity like this and the ripple effect in our economy will be huge. We encourage the legislature to act quickly and approve these incentives to keep Wisconsin moving in the right direction.

Sincerely,



Suzanne Kelley
President & CEO
Waukesha County Business Alliance

August 3, 2017

Testimony before the State Legislature, Foxconn Incentives

Honorable Legislators,

Thank you, for the opportunity to share the Village of Caledonia's perspective on the importance of the Foxconn investment in Wisconsin.

As many of you are aware, the Village of Caledonia in partnership with Racine County has made a \$20,000,000.00, investment in bringing sewer and water to the I-94 corridor. In addition to serving the needs of the residents in the affected area, this investment facilitated the opportunity for industrial and commercial growth in the corridor. This investment pales in comparison to the incentives proposed for Foxconn, but suffice it to say that it is significant for a community of our size.

If locating Foxconn in Wisconsin is a game changer for the entire state; locating it in southeastern Wisconsin is certainly a game changer for Racine and the adjoining counties. This is an opportunity to provide much needed employment for the entire region. The cascade effect on the region's economy cannot be overstated. The potential for the completion of the north/south corridor of I-94 will improve commerce in the entire region, and will allow Caledonia to compete for development on a level playing field.

In short, I believe that the incentive package and other legislative changes being considered are appropriate. While they are of a scope to which none of us are accustomed, benchmarking the incentives to job creation and similar factors allow the state to be cautious and responsible stewards of the taxpayers' resources.

Ladies and gentlemen, please, do what needs to be done to close this deal.

Thank you,



Thomas J. Christensen
Administrator



JONATHAN DELAGRAVE

Office of the County Executive
730 Wisconsin Avenue
Racine, WI 53403
262-636-3273
fax: 262-636-3549

jonathan.delagrave@racinecounty.com

August 3, 2017

Governor Scott Walker
15 East, State Capitol
P.O. Box 2863
Madison, WI 53702

Dear Governor Walker:

On behalf of Racine County, we are expressing our strongest support for and commitment to the economic package presented in LRB 4050/1, which would help our great state secure an unprecedented investment from Foxconn. We believe Wisconsin overall — and Racine County in particular — are great places to grow a business. We are thrilled that an international company of Foxconn's magnitude has recognized the business opportunities available in Wisconsin.

We are passionate about this project, and know that regardless of which specific southeastern Wisconsin site is chosen, Racine residents, businesses and property owners will benefit. An investment of this nature is transformational. We know the positive ripple effect of Foxconn's investment will be felt across the state and in our own backyard.

In Racine, we believe we have much to offer a business like Foxconn. Racine is a family-friendly community uniquely positioned between Chicago and Milwaukee along the I-94 corridor. We stand ready to do all that we can to capitalize on this great opportunity to see major growth in our community. But we understand that this opportunity will not happen without the economic package outlined in LRB 4050/1. On behalf of Racine County, and our current and future residents and business owners, we urge your support of this legislation.

Most Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Delagrave".

Jonathan Delagrave
Racine County Executive

A handwritten signature in black ink, appearing to read "Russell Clark".

Russell Clark

Chairman, Racine County Board of Supervisors



John Muir Chapter

Sierra Club - John Muir Chapter
754 Williamson St., Madison, Wisconsin 53703-3546
Telephone: (608) 256-0565
E-mail: john.muir.chapter@sierraclub.org Website: sierraclub.org/Wisconsin

Statement of the Sierra Club's John Muir Chapter in opposition to 2017 Special Session Assembly Bill 1 August 3, 2017

Chairman Neylon and members of the committee, my name is Daniel Moore. I am a volunteer leader with the John Muir Chapter of the Sierra Club. I would like to thank you for the opportunity to provide comments in opposition to 2017 Special Session Assembly Bill 1.

The John Muir Chapter represents over 18,000 members and supporters living throughout the state. We work to provide opportunities for Wisconsinites to enjoy nature and advocate for the fair and rational management of our common resources. We do this so that all Wisconsin residents have access to the clean air, water, and land they need for their health, safety and well-being as well as to move our economy forward.

The Sierra Club is opposed to the environmental provisions of Special Session Assembly Bill 1 because they are unnecessary, and because they retard Wisconsin's ability to carry out its duty to protect the health and well-being of Wisconsinites and the environment.

Should the proposed Foxconn development move forward, the legislature should strive to minimize any detrimental impacts the development will have while maximizing the benefits.

A project of this size and scope is complex. For this complexity, a thorough review of the environmental impact is needed to fully understand the effects of the Foxconn development, as well as to understand how that impact can be minimized. Removing permit requirements and environmental review will open the door to many avoidable negative environmental outcomes.

Under current law, a project of this size must prepare an Environmental Impact Statement to assess the effects of the project on the environment. This legislation removes that requirement for any new manufacturing facility in an Electronics or Information Technology Manufacturing (EITM) zone. The removal of this basic requirement is both short-sighted and harmful. The creation of an Environmental Impact Statement provides an opportunity to minimize any negative environmental impact a new facility would create. Without such a statement, unnecessary harm would likely be inflicted upon our state's environment. This likelihood is exacerbated not only by the size of the Foxconn facility, but by any additional future project that meets the requirements of this exemption.

Remember to Support the Sierra Club through your workplace giving campaign!
The John Muir Chapter is proud to be a member of



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Additionally, allowing wetlands and navigable waters to be filled and streams to be straightened without a permit would be a mistake. The permit process exists to ensure that negative impacts on the water at the affected site, as well as downstream, are minimized. Wetlands provide several critical functions such as water purification and flood mitigation. Filling wetlands indiscriminately can lead to floods both on-site and downstream. Similarly straightening a stream can increase the speed water moves through the water body exacerbating flooding. The removal of the permit requirement increases the risk of the people of Wisconsin being affected by preventable outcomes such as these. The fact that the bill requires a 2:1 contribution to the wetlands mitigation bank does not address the potential impacts on site and in the surrounding area.

Another troubling aspect of the exemptions from environmental provisions is that it eliminates public input into the process. Effectively eliminating public comment is not indicative of a healthy democracy, nor is it a healthy process for the state. Public input often provides new and important information to proposals that would not have otherwise been considered. Removing the public's voice serves to benefit no one in Wisconsin and increases the likelihood of harm being done by way of information not heard or considered.

The fact that these exemptions exist, especially in the context of a company with the resources of Foxconn, would indicate that the people of Wisconsin should not expect a facility in an Electronics or Information Technology Manufacturing (EITM) will be built up to the same environmental standard that other developments are held to.

It is for these reasons we urge the committee to remove the exemptions to environmental laws in the bill, or lacking that, oppose the bill in its entirety.

Thank you again for the opportunity to testify.

Foxconn Needs No Wetland Rule Exemptions

Good afternoon,

I am Jeff Schimpff.

I reside at 2721 Kendl Avenue in Madison, Wisconsin.

My professional work experience includes more than 20 years of evaluating the ecological, social, and economic impacts of, and examining reasonable alternatives to, major industrial, energy and transportation projects.

First of all, I would like to thank Wisconsin DNR administrators for canceling most of DNR's long-standing and excellent involvement at the Wisconsin State Fair, which began today. Otherwise, I would be there, helping to educate and entertain families from all around our state, regarding the benefits of wetlands and other natural resources.

Thanks to Wisconsin's past efforts to provide some degree of public environmental education, everyone knows that wetlands are vital in minimizing flood damage, providing habitat for a wide range of ecologically and economically valuable wildlife, and in providing essential recharge of the groundwater systems that we rely upon for healthy drinking water and clean water for industrial processes.

Thanks also to research formerly carried out by Wisconsin DNR scientists, we know that artificial wetlands, that are "created" to compensate for natural wetlands that have been destroyed, do not provide nearly the same amount of benefits as natural wetlands.

For these reasons, I urge the Legislature NOT to grant any exemptions to our wetlands protection laws and rules. Further, I am convinced that wetland disturbance can be completely avoided with any major project in southeast Wisconsin. *Also, I urge that an EIS be completed for this project.*

Rumors about the location of any Foxconn plant abound. One speculative location is along the I-94 corridor in the towns of Mount Pleasant and Somers.

Just over a small rise a mile east of I-94 lies the Pike River watershed, which occupies much of the area of both of those towns. This watershed

Foxconn Needs No Wetland Rule Exemptions

contains only about 7% of its original wetland area, so only about 1% of the total watershed area of the Pike River consists of wetlands. This fact makes wetlands easy to avoid.

I want to also refresh your memories of the marvelous project that the Town of Mount Pleasant has been implementing to restore the flood reduction, habitat, and wetland values of the Pike River corridor. This project was largely completed about two years ago, and lasted 18 years. It removed about 120 homes and other structure from the floodplain, and thus has saved homeowners hundreds of thousands of dollars in flood insurance premiums they no longer have to pay.

This project cost Mount around \$17 million. It was funded wisely, on a pay-as-you-go basis by the Town, and included some federal and state funding - but the local share was significant. Mount Pleasant recognized the value of wetlands and wise floodplain management.

My concern regarding ANY location of a manufacturing facility is that natural wetlands **MUST** be left undamaged and fully functioning.

Wetland damage can be avoided by minimizing the "footprint" of building and parking areas. A light manufacturing facility such as this can easily be constructed and operated as a 3, 4 or 5-story facility, cutting the footprint by up to 80 percent. That will enable avoiding wetland damage, it will minimize the volume of stormwater generated by the facility, and it will maximize the amount of land available to store and treat the runoff that is generated.

There are also health benefits to such an arrangement, as employees would be able to walk stairways to meet with colleagues on collaborative projects. Another health benefit can be realized by minimizing the amount of parking at the facility, constructing pedestrian-bicycle paths from several locations, and encouraging the use of ride-sharing, public transit, and bicycle commuting. This will provide many health benefits and lower health insurance costs for the employer and out-of-pocket costs for employees.

I want to see a net positive benefit from any Foxconn project that may develop. To achieve that with an agreement with Foxconn, I urge you to require **NO** disturbance of natural wetlands, to require a minimized

Foxconn Needs No Wetland Rule Exemptions

footprint, and to provide the options for healthy and energy-conservative commuting. Encouraging the development of affordable, nearby housing would another positive development with such a project.

Related Links:

Information on the Pike River Floodplain Rehabilitation Project:

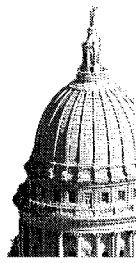
<http://www.mtpleasantwi.gov/2325/Pike-River-Improvements-Project>

Information on the Pike River Watershed Plan, Racine and Kenosha Counties:

http://dnr.wi.gov/water/basin/rootpike/wtplans/se02/se02_wtplan.pdf

Information on additional proposed actions:

http://journaltimes.com/news/local/protect-the-pike-root-pike-watershed-initiative-network-has-new/article_545dc536-269c-11e3-ae5d-0019bb2963f4.html



STATE REPRESENTATIVE
**JIMMY
ANDERSON**
47TH ASSEMBLY DISTRICT

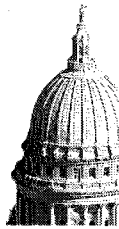
Thank you to chairman Rep. Neylon and to the members of the committee for giving me the opportunity to provide testimony. I'm Representative Jimmy Anderson and I'd like to highlight my concerns with the design and execution of the Foxconn deal.

I have serious questions regarding the Manufacturing and Agriculture tax credit and the nearly \$3 billion in tax benefits in the Foxconn deal. With the Man & Ag tax credit, the tax liability of Foxconn is effectively zero. With the \$1.5 Billion in refundable wage tax credits, the state of Wisconsin will pay Foxconn up to \$100 Million a year for 15 years to Foxconn.

In conjunction with the capital expenditure tax credit and the sales tax holiday, Wisconsin will provide somewhere between \$100 million and \$300 million dollars directly to Foxconn every year. Over the length of the deal, that's about \$1,200 per household in Wisconsin. For perspective, most other large projects with tax incentives amount to roughly \$2,500 per job. The Foxconn deal is spending \$15,000 - \$19,000 of taxpayer dollars per job! This plan is not a simple TIF district where we help localities offset infrastructure costs to spur investment. If it were that simple, everyone would be on board. This is a massive project involving billions of taxpayer dollars being paid directly to a foreign corporation. It should be done carefully and with many safeguards that this legislation lacks.

Under the current proposal, the legislature completely abdicates its responsibility to hold Foxconn accountable. The clawback provision that Governor Walker says will protect Wisconsin taxpayers is not mandatory and gives wide leeway to the WEDC to deliver benefits to Foxconn. Even if the clawback provision is used, Wisconsin can only get back one year's worth of tax credits. Foxconn gets to keep all the taxpayer money it has collected up to that point. The WEDC has had many problems administering much smaller projects. Granting them full power to negotiate contracts with Foxconn and enforce a \$3 billion agreement is alarming. The legislature needs to put into the bill more oversight and reporting requirements from the WEDC.

There are many environmental issues in this bill that the authors have overlooked. Granting Foxconn the authority to dredge wetlands without a permit sets a terrible precedent for future projects and completely guts the DNR of its ability to protect the environment and the public. It is important to note that the wetlands are our number one resource when it comes to fighting flooding. By filling wetlands, will homes and businesses in southeast Wisconsin be put in danger of increased flooding? Will the roads be able to handle the increased runoff and flooding of storms? Will flood insurance rates and policies be affected by massive environmental changes? These questions are easily answered with an Environmental Impact Statement (EIS), but the authors of this bill have granted Foxconn the authority to build without one. That these simple questions are left unanswered shows that this plan has not been well thought out. To put it plainly, it is dangerous to go forward with this legislation without further input from stakeholders and the public.



STATE REPRESENTATIVE
**JIMMY
ANDERSON**
47TH ASSEMBLY DISTRICT

To sum it up, this legislation has been hastily put together, spends billions of taxpayer dollars with little accountability, and shows no regard for the environment. I'm calling on the members of this committee to slow the process down, provide more time for public input, and address the variety of simple fixes to this bill that are needed to protect taxpayers, the environment, and our communities. Thank you again to the Committee for allowing me to provide my testimony.

Sincerely,