

Wisconsin Legislature to approve \$3B incentive for Foxconn (Update)

September 14 2017, by Scott Bauer

The deal to develop a massive Foxconn plant in Wisconsin will be virtually complete Thursday when the state Legislature votes to approve a \$3 billion incentive package to lure the Taiwan-based electronics giant to the state—the biggest state subsidy to a foreign company in U.S. history.

The bill would make \$2.85 billion available to Foxconn Technology Group in cash payments if it invests \$10 billion and hires 13,000 workers. The Senate approved the proposal Tuesday. Final sign-off by the Assembly, which already green-lighted a nearly identical version in August, would send the measure to the project's lead champion, Republican Gov. Scott Walker.

He is on a trade mission to Japan and South Korea this week but said Wednesday he looked forward to quickly signing the bill into law.

Assembly Democrats, who don't have the votes to stop it, slammed the proposal Thursday as being unfairly rigged to benefit Foxconn at the expense of taxpayers. But Republican Assembly Speaker Robin Vos defended it as an unprecedented opportunity for the state and country.

"What's rigged is the deal for the taxpayer, the workers, the families and ultimately those of us who have the good foresight to realize when a good deal is put in front of you," Vos said.

Foxconn is the largest contract manufacturer of electronics, best known

for making iPhones, but with a long list of customers including Sony Corp., Dell Inc. and BlackBerry Ltd. The Wisconsin plant would construct liquid crystal display panels for televisions, computers and other uses.

The total incentive package is 10 times larger than anything ever approved in Wisconsin and would be the biggest state subsidy to a foreign company in the United States.

Democrats have warned that there aren't enough protections for taxpayers to recover payments to Foxconn if it automates production and fires workers. They've also said more needs to be done to guarantee that Wisconsin workers and businesses get preference during the construction phase of the plant, and once it's up and running. Foxconn has said it hopes to open the plant in 2020 with 3,000 workers, but that the workforce could grow to 13,000.

They've also objected to a provision that would allow the Wisconsin Supreme Court to take appeals of certain lawsuits related to Foxconn, skipping the appeals court. No other business in the state is provided such an expedited route to the Supreme Court.

Under the bill, the company would have 15 years to access the maximum \$2.85 billion in cash payments tied to meeting the investment and hiring numbers. They can also receive \$150 million in sales tax exemptions on construction equipment.

The Walker administration is charged with negotiating minimum hiring numbers to trigger the payments in the contract with Foxconn which has not been finalized. Foxconn has also not selected the exact location for the plant, but it has focused on property in Racine County in between Milwaukee and Chicago.

Democrats have also raised alarms about exemptions under the bill that waive requirements for Foxconn to first develop an environmental impact statement before constructing what could be a 20-million-square-foot (1.86-million-square-meter) campus. Foxconn would also be allowed to build in wetland and waterways.

© 2017 The Associated Press. All rights reserved.

Citation: Wisconsin Legislature to approve \$3B incentive for Foxconn (Update) (2017, September 14) retrieved 26 June 2024 from <https://phys.org/news/2017-09-wisconsin-legislature-3b-incentive-foxconn.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.