



News Release

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Foxconn Package Returns \$18 in Economic Impact for Every \$1 in State Incentive

MMAC today released its analysis of the projected impact to Wisconsin's gross domestic product (GDP) from the incentive package tied to Foxconn's capital investment and job creation. GDP is the best measure of the value added to the economy. The analysis is based on the state's tax credit agreement executed with Foxconn on November 10, 2017.

The Foxconn development is projected to add almost \$52 billion to Wisconsin's GDP over the 15 years in which the state would pay out \$2.8 billion, under a fully executed incentive package. The impact on GDP is derived from investments in capital, employment during construction, operating payroll from the plant, supply chain expenditures and their combined indirect economic impact. "The ripple effects of Foxconn's \$9 billion in capital investment, and the ongoing employment from up to 13,000 jobs, generate a return of \$18 in additional state GDP for every \$1 in state incentives," said MMAC President Tim Sheehy.

The MMAC analysis recognizes that the incentive package is based on a "pay as you grow" model. Only when capital is expended and payroll is committed does Foxconn qualify for the incentives. The snapshot of economic impact applies only to the 15-year window of the state's incentive package. "Much like priming a pump, the flow from Foxconn's spending beyond the 15-year incentive window would significantly increase the state's return. We believe this GDP analysis, while conservative, provides the fullest picture of the state's return on investment," stated Sheehy. This deal is one of largest corporate expansion projects in U.S. history.

Sheehy continued, "We should not lose sight that Foxconn's investment in manufacturing high-resolution panels, combined with a faster telecommunications infrastructure, puts us in play in the digital economy. Bottom line, if you live or work in Wisconsin, the return on the Foxconn investment is real."

MMAC is the region's largest business organization, with more than 2,000-member companies supporting more than 300,000 jobs. MMAC is dedicated to a globally competitive region that drives high value jobs to support a vibrant quality of life for all.

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Foxconn / WEDC Incentive Contract

State Gross Domestic Product Leveraged by Tax Credit Investment at Various Jobs/Capital Expenditure Performance Levels * Figures are cumulative for 15 years (2018-2032)

TABLE 1: GDP Created by Foxconn per \$1 of WEDC Incentive

Jobs	Capital Expenditures		
	\$7B	\$8B	\$9B
3,640	\$34.51	\$31.90	\$29.80
5,200	\$31.89	\$29.44	\$27.43
8,450	\$23.61	\$21.86	\$20.40
10,400	\$18.62	\$17.72	\$16.93
13,000	\$19.68	\$18.82	\$18.05

TABLE 2: Value of Tax Credits Disbursed by WEDC Calibrated to Actual Foxconn Performance *

Jobs	Capital Expenditures		
	\$7B	\$8B	\$9B
3,640	\$ 545,251,000	\$ 609,536,714	\$ 673,822,429 **
5,200	771,451,800	857,166,086	942,880,371 **
8,450	1,513,157,988	1,633,157,988	1,813,157,988
10,400	2,257,306,425	2,407,306,425	2,557,306,425
13,000	2,550,000,000	2,700,000,000	2,850,000,000

TABLE 3: Economic Impact (Wisconsin GDP) Based on Actual Foxconn Performance *

Jobs	Capital Expenditures		
	\$7B	\$8B	\$9B
3,640	\$18,814,015,655	\$19,446,268,432	\$20,078,521,209
5,200	24,598,980,630	25,231,233,407	25,863,486,183
8,450	35,723,913,273	36,356,166,049	36,988,418,826
10,400	42,028,041,770	42,660,294,547	43,292,547,324
13,000	50,186,325,708	50,818,578,485	51,450,831,262

Sources: Milwaukee 7 review of: 1. "Electronics and Information Technology Manufacturing Zone Tax Credit Agreement," November 10, 2017; 2. July 2017, Economic Impact Report prepared by EY Quantitative Economics and Statistics; 3. August 2017, Baker Tilly Economic Impact Analysis

** Beginning in 2024, job counts of less than 6,500 could trigger cumulative claw-backs ranging from \$250-\$500MM. Claw-backs will be calculated annually from 2024-2032 and will be assessed in any year when employment falls below 6,500. Claw-backs are NOT reflected in these calculations.