



Electronics and Information Technology Manufacturing Zone Program

Wisconsin Economic Development Corporation

Background

2017 Wisconsin Act 58 created the Electronics and Information Technology Manufacturing Zone program that is administered by the Wisconsin Economic Development Corporation (WEDC). In November 2017, WEDC executed a \$2.85 billion contract with three corporations that are collectively referred to as "Foxconn." If Foxconn creates contractually specified jobs and makes contractually specified capital investments, WEDC will award Foxconn \$2.85 billion in program tax credits over the 15-year period of the contract.

Beginning in 2018, statutes require us to annually evaluate for five years WEDC's process for verifying information submitted by recipients of program tax credits, and whether WEDC adhered to statutory and contractual requirements when it verified the amount of program tax credits to award recipients as a result of their efforts to create jobs and make capital investments. This is our third evaluation of these issues.

Key Findings

- WEDC established written procedures that allowed it to award program tax credits for the wages paid to employees who [did not perform services in Wisconsin](#). In this way, these written procedures did not comply with statutes or WEDC's contract.
- The written procedures indicated that WEDC will not award program tax credits for the wages paid to employees who performed services in Wisconsin but are [residents of certain other states](#).
- The written procedures indicated that WEDC will not calculate program tax credits based on [all of the wages actually paid to certain employees](#).
- [WEDC followed its written procedures](#) when it completed its partial verification of the payroll information that Foxconn reported in April 2020, but its written procedures did not comply with statutes or its contract.

Recommendations

We recommend WEDC modify its written procedures in order to:

- comply with statutes by explicitly requiring it to award job creation tax credits for only the wages paid to employees for [services performed in Wisconsin](#);
- comply with statutes by awarding job creation tax credits for the wages paid to all employees for services performed in Wisconsin, [regardless of the residency](#) of these individuals; and
- comply with its contract by awarding job creation tax credits for [all wages up to \\$100,000](#) that were actually paid to eligible employees.