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Lawsuit Says Foxconn Cost Governments Hundreds of Millions

A new lawsuit alleges that worldwide electronics leader Foxconn Technology Group violated terms of its contract in Wisconsin, while local governments spend hundreds of millions of dollars to prepare for the project.

By Associated Press, Wire Service Content Feb. 3, 2021, at 5:53 p.m.

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MILWAUKEE (AP) – Worldwide electronics leader Foxconn Technology Group violated terms of its contract in Wisconsin, while local governments spend hundreds of millions of dollars to prepare for the project, a lawsuit filed by a real estate development company alleges.

Hintz Real Estate Development Co. claims that Foxconn is in breach of its contract by failing to construct a Generation 10.5 LCD manufacturing facility in southeast Wisconsin not far from the Illinois border, the Milwaukee Journal Sentinel reported Wednesday.

Foxconn did not employ local workers in manufacturing and construction “to the extent agreed,” and failed to make capital investments in the county and village “to the extent agreed,” the lawsuit filed Tuesday in Racine County Circuit Court said.

The county and the Village of Mount Pleasant have spent \$200 million on land acquisition, \$185 million on the development of water and sewer lines and \$12 million on roads to prepare for the project, the lawsuit said.

The lawsuit was brought by Caledonia resident Daniel Hintz and Hintz Real Estate Development. It was filed on behalf of Racine County and the Village of Mount Pleasant, but it also names the county and the village as the defendants along with Foxconn.

Foxconn said in a statement that it does not comment on lawsuits.

“Foxconn continues to fulfill its financial obligations under the local development agreement and is proud to be the largest taxpayer in the Village of Mount Pleasant and Racine County,” the company said.

Wisconsin landed plans for Foxconn’s first American factory after then-Gov. Scott Walker offered more than \$3 billion in tax incentives, but the company’s plans were later scaled back. The original plan was for Foxconn to build a Gen 10. 5 LCD facility, capable of building large screens, but the project was scaled back to a Gen. 6 facility. That size factory makes smaller screens for smartphones, tablets and televisions.

In the original agreement, the state agreed to provide up to \$2.85 billion of tax incentives if Foxconn met certain hiring and capital investment thresholds. The state has yet to award the company tax credits for those purposes. But local governments have spent millions of taxpayer dollars on infrastructure upgrades.

Foxconn and the Wisconsin Economic Development Corp. have been negotiating a new contract for which Foxconn is willing to agree to fewer tax credits “in exchange for flexibility.”

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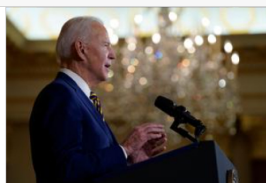
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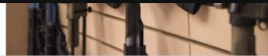
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