

1 HB132
2 203749-1
3 By Representative Sorrell
4 RFD: State Government
5 First Read: 04-FEB-20

SYNOPSIS: This bill would establish the Interstate Compact to Phase Out Corporate Giveaways as an anti-poaching agreement among two or more states that would prohibit state company-specific tax incentives and state company-specific grants as enticement for entities to relocate existing facilities to another state.

A BILL
TO BE ENTITLED
AN ACT

To establish the Interstate Compact to Phase Out Corporate Giveaways; to provide for membership of the compact; to provide for terms of the compact; and to provide for termination of the compact.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. INTERSTATE COMPACT AGREEMENT TO PHASE OUT CORPORATE GIVEAWAYS.

Article 1. Membership.

1 Any state of the United States and the District of
2 Columbia may become a member of this compact by enacting this
3 agreement in substantially the following form.

4 Article 2. Definitions.

5 As used in this compact, the following terms shall
6 have the following meanings:

7 (1) COMPANY SPECIFIC GRANT. Any disbursement of
8 funds via property, cash, or deferred tax liability by the
9 state or local government to a particular company.

10 (2) COMPANY SPECIFIC TAX INCENTIVE. Any change in
11 the general tax rate or valuation offered or presented to a
12 specific company that is not available to other similarly
13 situated companies.

14 (3) CORPORATE GIVEAWAY. Any company-specific or
15 industry-specific disbursement of funds via property, cash or
16 deferred or reduced tax liability by a state or local
17 government to a particular company or industry.

18 (4) LOCATED IN ANY OTHER MEMBER STATE. Any corporate
19 headquarters, office space, manufacturing facility, or other
20 real estate development that is physically located in another
21 member state, whether or not the company has other property in
22 the member state.

23 (5) MEMBER STATE. Any state or the District of
24 Columbia that has enacted a statute agreeing to this compact.

25 Article 3. Findings.

26 The member states find all of the following:

1 (1) Corporate giveaways are among the least
2 effective uses of taxpayer dollars to create and maintain
3 jobs.

4 (2) Local and state leaders are in a dilemma where
5 it is best for all to create a level playing field for all
6 employers without any corporate giveaways, but each level of
7 government has an incentive to subsidize a company, generating
8 a race to the bottom.

9 (3) Governments should attract and retain companies
10 based on general conditions, including, but not limited to,
11 modern infrastructure, an educated workforce, a clean
12 environment, and a favorable tax and regulatory climate, not
13 based on a specific grant for a particular company.

14 (4) Corporate giveaways fuel business inequality as
15 only the largest businesses receive the vast majority of these
16 funds.

17 (5) A reasonable first step in phasing out corporate
18 giveaways is an anti-poaching agreement among state
19 governments prohibiting state company-specific tax incentives
20 and state company-specific grants as an inducement for
21 entities to relocate existing facilities.

22 (6) Creating a national board of gubernatorial
23 appointees charged with finding consensus around improvements
24 to this compact over time in a phased approach will assist
25 state and local governments in escaping from the prisoners'
26 dilemma and implementing a level playing field for all
27 employers.

1 Article 4. Anti-poaching prohibition

2 Each member state is prohibited from offering or
3 providing any company-specific tax incentive or
4 company-specific grant to any entity for a corporate
5 headquarters, manufacturing facility, office space, or other
6 real estate development located in any other member state as
7 an inducement for the corporate headquarters, manufacturing
8 facility, office space, or other real estate development to
9 relocate to the offering member state.

10 Article 5. Exclusions.

11 Workforce development grants that train employees
12 are not subject to this compact. Company-specific tax
13 incentives or company-specific grants from local governments
14 are not subject to this compact. State company-specific tax
15 incentives or state company-specific grants to entities for
16 corporate headquarters, office space, manufacturing
17 facilities, or real estate developments located within their
18 own state are not subject to this compact.

19 Article 6. Withdrawal.

20 Any member state may withdraw from this compact with
21 six months' notice in writing to the chief executive officer
22 of every other member state to the compact.

23 Article 7. Enforcement.

24 (a) The chief law enforcement officer of each member
25 state shall enforce this compact.

26 (b) A taxpaying resident of any member state has
27 standing in the courts of any member state to require the

1 chief law enforcement officer of that member state to enforce
2 this compact.

3 Article 8. National board to draft suggested
4 improvements over time to the compact.

5 A national board of the compact to phase out
6 corporate giveaways is established by this compact. Each chief
7 executive officer of each member state shall appoint one
8 member of the board. The board shall accept appointees from
9 non-member states that wish to appoint a member of the board.
10 The purpose of the board is to publish suggested revisions to
11 this compact in December of every year to continue to phase
12 out those forms of corporate giveaways that the board finds
13 reasonable to include as suggested revisions to the compact
14 for member states to consider for implementation. The board
15 shall convene at least annually, elect officers from its
16 membership, establish rules and procedures for its governance,
17 and publish a report in December of every year that includes
18 suggested revisions and improvements to this compact. The
19 board shall collect testimony from all interested parties,
20 including organizations and associations representing state
21 legislators, taxpayers, and subject matter experts on how the
22 compact can be improved and strengthened.

23 Article 9. Construction and Severability.

24 This compact shall be liberally construed so as to
25 effectuate its purposes. If any phrase, clause, sentence or
26 provision of this compact, or the applicability of any phrase,
27 clause, sentence, or provision of this compact to any

1 government, agency, person, or circumstance is declared in a
2 final judgment by a court of competent jurisdiction to be
3 contrary to the Constitution of the United States or is
4 otherwise held invalid, the validity of the remainder of this
5 compact and the applicability of the remainder of this compact
6 to any government, agency, person, or circumstance shall not
7 be affected. If this compact is held to be contrary to the
8 constitution of any member state, the compact shall remain in
9 full force and effect as to the remaining member states and in
10 full force and effect as to the affected member state as to
11 all severable matters.

12 Article 10. Effectiveness.

13 This compact shall take effect upon the adoption of
14 the Interstate Compact Agreement to Phase Out Corporate
15 Giveaways by two or more states.

16 Section 2. This act shall become effective on the
17 first day of the third month following its passage and
18 approval by the Governor, or its otherwise becoming law.