

Findings

The member states find that:

a. Corporate giveaways are among the least effective uses of taxpayer dollars to create and maintain jobs;

b. Local and state leaders are in a prisoners' dilemma where it is best for all to create a level playing field for all employers without any corporate giveaways, but each level of government has an incentive to subsidize a company, generating a race to the bottom;

c. Governments should attract and retain companies based on general conditions, including modern infrastructure, an educated workforce, a clean environment, and a favorable tax and regulatory climate, not based on a specific grant for a particular company;

d. Corporate giveaways fuel business inequality as only the largest businesses receive the vast majority of these funds;

e. A reasonable first step in phasing out corporate giveaways is an anti-poaching agreement among state governments prohibiting state company-specific tax incentives and state company-specific grants as an inducement for entities to relocate existing facilities;

f. Creating a national board of gubernatorial appointees charged with finding consensus around improvements to this agreement over time in a phased approach will assist state and

51 local governments in escaping from the prisoners' dilemma and
 52 implementing a level playing field for all employers.

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54 ARTICLE II

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56 Title

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58 This act shall be known as and cited to as the "Agreement
 59 to Phase Out Corporate Giveaways Act."

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61 ARTICLE III

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63 Definitions

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65 As used in this compact, unless the context clearly
 66 indicates otherwise, the following terms have the following
 67 meanings:

68 a. "Corporate giveaway" means any company-specific or
 69 industry-specific disbursement of funds whether property, cash,
 70 or deferred or reduced tax liability by a state or local
 71 government to a particular company or industry.

72 b. "Member state" means any state or the District of
 73 Columbia that has enacted a statute agreeing to this compact.

74 c. "Company-specific tax incentive" is any change in the
 75 general tax rate or valuation offered or presented to a specific

76 company that is not available to other similarly-situated
 77 companies.

78 d. "Company-specific grant" is any disbursement of funds
 79 via property, cash or deferred tax liability by the state or
 80 local government to a particular company.

81 e. "Located in any other member state" means any corporate
 82 headquarters, office space, manufacturing facility or other real
 83 estate development that is physically located in another member
 84 state, whether or not the company has other property in the
 85 member state.

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 87 ARTICLE IV

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 89 Anti-poaching Prohibition

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 91 Each member state is prohibited from offering or providing
 92 any company-specific tax incentive or company-specific grant to
 93 any entity for a corporate headquarters, manufacturing facility,
 94 office space, or other real estate development located in any
 95 other member state as an inducement for the corporate
 96 headquarters, manufacturing facility, office space or other real
 97 estate development to relocate to the offering member state.

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 99 ARTICLE V

Exclusions

Workforce development grants that train employees are not subject to this agreement. Company-specific tax incentives or company-specific grants from local governments are not subject to this agreement. State company-specific tax incentives or state company-specific grants to entities for corporate headquarters, office space, manufacturing facilities or real estate developments located within its own state are not subject to this agreement.

ARTICLE VI

Withdrawal

Any member state may withdraw from this agreement with 6 months' notice and shall do so in writing to the chief executive officer of every other member state to the agreement.

ARTICLE VII

Enforcement

a. The chief law enforcement officer of each member state shall enforce this compact.

126 b.. A taxpaying resident of any member state has standing
127 in the courts of any member state to require the chief law
128 enforcement officer of that member state to enforce this
129 compact.

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131 ARTICLE VIII

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133 National Board of the Agreement to Phase Out Corporate Giveaways
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135 a. This agreement establishes a national board of the
136 agreement to phase out corporate giveaways.

137 b. The chief executive officer of each member state shall
138 appoint one member to the board. The board shall accept
139 appointees from non-member states that wish to appoint a member
140 of the board.

141 c. The purpose of the board is to publish suggested
142 revisions and improvement to this agreement in December of every
143 year to continue to phase out those forms of corporate giveaways
144 that the board finds reasonable to include as suggested
145 revisions to the agreement for member states to consider
146 implementing.

147 d. The board shall convene at least annually, elect
148 officers from its membership, establish rules and procedures for
149 its governance, and publish a report in December of every year
150 that includes suggested revisions and improvements to this

151 agreement. The board shall collect testimony from all interested
152 parties, including organizations and associations representing
153 state legislators, taxpayers, and subject matter experts on how
154 the agreement can be improved and strengthened.

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156 ARTICLE IX

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158 Liberal Construction

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160 This compact shall be liberally construed to effectuate its
161 purposes. If any phrase, clause, sentence, or provision of this
162 compact, or the applicability of any phrase, clause, sentence,
163 or provision of this compact to any government, agency, person,
164 or circumstance is declared in a final judgment by a court of
165 competent jurisdiction to be contrary to the constitution of the
166 United States or is otherwise held invalid, the validity of the
167 remainder of this compact and the applicability of the remainder
168 of this compact to any government, agency, person, or
169 circumstance shall not be affected. If this compact is held to
170 be contrary to the constitution of any member state, the compact
171 shall remain in full force and effect as to the remaining member
172 states and in full force and effect as to the affected member
173 state as to all severable matters.

174 Section 2. This act shall take effect upon the adoption of
175 the interstate compact agreement by two or more states.