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

Article 2. Definitions.

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

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

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

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

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

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

Article 3. Findings.

The member states find all of the following:
(1) Corporate giveaways are among the least effective uses of taxpayer dollars to create and maintain jobs.

(2) Local and state leaders are in a 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.

(3) Governments should attract and retain companies based on general conditions, including, but not limited to, 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.

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

(5) 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.

(6) Creating a national board of gubernatorial appointees charged with finding consensus around improvements to this compact over time in a phased approach will assist state and local governments in escaping from the prisoners' dilemma and implementing a level playing field for all employers.
Article 4. Anti-poaching prohibition

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

Article 5. Exclusions.

Workforce development grants that train employees are not subject to this compact. Company-specific tax incentives or company-specific grants from local governments are not subject to this compact. 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 their own state are not subject to this compact.


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

Article 7. Enforcement.

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

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

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

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

**Article 9. Construction and Severability.**

This compact shall be liberally construed so as to effectuate its purposes. If any phrase, clause, sentence or provision of this compact, or the applicability of any phrase, clause, sentence, or provision of this compact to any
government, agency, person, or circumstance is declared in a final judgment by a court of competent jurisdiction to be contrary to the Constitution of the United States or is otherwise held invalid, the validity of the remainder of this compact and the applicability of the remainder of this compact to any government, agency, person, or circumstance shall not be affected. If this compact is held to be contrary to the constitution of any member state, the compact shall remain in full force and effect as to the remaining member states and in full force and effect as to the affected member state as to all severable matters.

Article 10. Effectiveness.

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

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