



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB4138

Introduced 1/22/2020, by Rep. Bob Morgan

SYNOPSIS AS INTRODUCED:

New Act

Creates the Phase Out Corporate Giveaways Interstate Compact. Enters into the compact, which may be entered into by any state and the District of Columbia, in which each member state agrees not to offer or provide 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. Defines terms. Excludes: (1) workforce development grants that train employees; (2) company-specific tax incentives or company-specific grants from local governments; and (3) specified company-specific tax incentives or company-specific grants related to companies already within the member state. Creates the Phase Out Corporate Giveaways Board and provides for membership and meeting requirements. Provides for withdrawal of a member state with a 6-month written notice to each member state's chief executive officer. Contains construction and severability provisions.

LRB101 14656 AWJ 63573 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Phase
5 Out Corporate Giveaways Act.

6 Section 5. Execution of compact. The Phase Out Corporate
7 Giveaways Interstate Compact is hereby enacted into law and
8 entered into with any state or the District of Columbia which
9 legally joins in substantially the following form:

10 "PHASE OUT CORPORATE GIVEAWAYS INTERSTATE COMPACT

11 The contracting states agree that:

12 ARTICLE 1: MEMBERSHIP

13 Any state of the United States and the District of Columbia
14 may become a member state of this compact by enacting this
15 compact.

16 ARTICLE 2: DEFINITIONS

17 As used in this compact:

18 "Corporate giveaway" means any company-specific grant or
19 company-specific tax incentive.

20 "Company-specific grant" means any disbursement of funds
21 via property, cash, or deferred tax liability by the state
22 government to a particular company.

1 "Company-specific tax incentive" means any change in the
2 general tax rate or valuation offered or presented to a
3 specific company that is not available to other
4 similarly-situated companies.

5 "Located in any other member state" means physically
6 located in another member state, whether or not the company has
7 other property in the member state.

8 "Member state" means any state or the District of Columbia
9 that has entered into this compact.

10 ARTICLE 3: FINDINGS

11 The member states find that:

12 (1) corporate giveaways are among the least effective
13 uses of taxpayer dollars to create and maintain jobs;

14 (2) local and state leaders are in a prisoners' dilemma
15 where it is best for all to create a level playing field
16 for all employers without any corporate giveaways, but each
17 level of government has an incentive to subsidize a
18 company, which generates a race to the bottom;

19 (3) governments should attract and retain companies
20 based on general conditions (including, but not limited to,
21 modern infrastructure, an educated workforce, a clean
22 environment, and a favorable tax and regulatory climate)
23 that are not based on a specific grant for a particular
24 company;

25 (4) corporate giveaways fuel business inequality as
26 only the largest businesses receive the vast majority of

1 these funds;

2 (5) a reasonable first step in phasing out corporate
3 giveaways is an anti-poaching agreement among state
4 governments prohibiting state company-specific tax
5 incentives and state company-specific grants as an
6 inducement for entities to relocate existing facilities;
7 and

8 (6) creating a national board of gubernatorial
9 appointees charged with finding consensus around
10 improvements to this compact over time in a phased approach
11 will assist states in escaping from the prisoners' dilemma
12 and implementing a level playing field for all employers.

13 ARTICLE 4: POACHING PROHIBITION

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

22 ARTICLE 5: EXCLUSIONS

23 The following are not subject to this compact:

- 24 (1) Workforce development grants that train employees
25 (2) Company-specific tax incentives or
26 company-specific grants from local governments.

1 include as suggested revisions to the compact for member states
2 to consider implementing. The Board shall convene at least
3 annually, elect officers from its membership, establish rules
4 and procedures for its governance, and publish a report in
5 December of every year that includes suggested revisions and
6 improvements to this compact. The Board shall collect testimony
7 from all interested parties, including organizations and
8 associations representing state legislators, taxpayers, and
9 subject matter experts, on how the compact can be improved and
10 strengthened.

11 ARTICLE 9: CONSTRUCTION AND SEVERABILITY

12 This compact shall be liberally construed so as to
13 effectuate its purposes.

14 If any provision of this compact, or the applicability of
15 any provision of this compact to any government, agency, person
16 or circumstance, is declared in a final judgment by a court of
17 competent jurisdiction to be contrary to the Constitution of
18 the United States or is otherwise held invalid, the validity of
19 the remainder of this compact and the applicability of the
20 remainder of this compact to any government, agency, person, or
21 circumstance shall not be affected.

22 If this compact is held to be contrary to the constitution
23 of any member state, the compact shall remain in full force and
24 effect as to the remaining member states and in full force and
25 effect as to the affected member state as to all severable
26 matters."