



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB1188

Introduced 1/31/2023, 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.

LRB103 05714 AWJ 50734 b

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
14 Columbia may become a member state of this compact by enacting
15 this 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
7 has 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'
15 dilemma where it is best for all to create a level playing
16 field for all employers without any corporate giveaways,
17 but each level of government has an incentive to subsidize
18 a 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
21 to, 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
11 approach will assist states in escaping from the
12 prisoners' dilemma and implementing a level playing field
13 for all employers.

14 ARTICLE 4: POACHING PROHIBITION

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

23 ARTICLE 5: EXCLUSIONS

24 The following are not subject to this compact:

25 (1) Workforce development grants that train employees

26 (2) Company-specific tax incentives or

1 company-specific grants from local governments.

2 (3) State company-specific tax incentives or state
3 company-specific grants to entities with corporate
4 headquarters, office space, manufacturing facilities, or
5 real estate developments already located within its own
6 state with the goal to keep within the member state or
7 expand within the member state the in-state facility or
8 development.

9 ARTICLE 6: WITHDRAWAL

10 Any member state may withdraw from this compact with
11 6-months' written notice to the chief executive officer of
12 every other member state to the compact.

13 ARTICLE 7: ENFORCEMENT

14 The attorney general of each member state shall enforce
15 this compact.

16 A taxpaying resident of any member state has standing in
17 the courts of any member state to require the attorney general
18 of that member state to enforce this compact.

19 ARTICLE 8: BOARD

20 The Phase Out Corporate Giveaways Board is established
21 upon the second member state entering into this compact. Each
22 chief executive officer of each member state shall appoint one
23 member to the Board. The Board shall accept appointees from
24 non-member states that wish to appoint a member of the Board.
25 The purpose of the Board is to publish suggested revisions to
26 this compact in December of every year to continue to phase out

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

12 ARTICLE 9: CONSTRUCTION AND SEVERABILITY

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

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

24 If this compact is held to be contrary to the constitution
25 of any member state, the compact shall remain in full force and
26 effect as to the remaining member states and in full force and

1 effect as to the affected member state as to all severable
2 matters."