SB1375

LRB10326419AWJ52782b

103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1375

Introduced 2/6/2023, by Sen. Ram Villivalam

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.

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A BILL FOR

AN ACT concerning State government.

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

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

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

"PHASE OUT CORPORATE GIVEAWAYS INTERSTATE COMPACT

The contracting states agree that:

ARTICLE 1: MEMBERSHIP

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

ARTICLE 2: DEFINITIONS

As used in this compact:

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

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

"Company-specific tax incentive" means 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.

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

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

ARTICLE 3: FINDINGS

The member states find that:

(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 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, which generates 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) that are 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; and

(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 states in escaping from the prisoners' dilemma and implementing a level playing field for all employers.

ARTICLE 4: 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

The following are not subject to this compact:

(1) Workforce development grants that train employees

(2) Company-specific tax incentives or

company-specific grants from local governments.

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

ARTICLE 6: WITHDRAWAL

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

ARTICLE 7: ENFORCEMENT

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

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

ARTICLE 8: BOARD

The Phase Out Corporate Giveaways Board is established upon the second member state entering into this compact. Each chief executive officer of each member state shall appoint one member to 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 implementing. 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 provision of this compact, or the applicability of any 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."