

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

COMMITTEE SUBSTITUTE

FOR

SENATE BILL 735

By: Dahm

COMMITTEE SUBSTITUTE

An Act relating to interstate compacts; creating the Interstate Compact Prohibiting Company-Specific Subsidies Act; providing short title; stating intent; defining terms; prohibiting member states from offering certain subsidies and incentives; disallowing retroactivity of compact and allowing for existing subsidies; prescribing procedure for withdrawing from compact; mandating termination of member state upon certain determination; prescribing amendments to compact; establishing board of compact administrators; designating composition of board; authorizing the designation of alternate member; providing meeting requirements of the board; designating duties and authorities of board members; authorizing board to enter into certain contracts and accept grants and donations; designating the Office of the Attorney General for administration and enforcement of compact duties; providing for severability of compact upon certain judgment against provisions; providing for noncodification; providing for codification; providing for effectiveness of act; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

1 This act shall be known and may be cited as the "Interstate
2 Compact Prohibiting Company-Specific Subsidies Act".

3 SECTION 2. NEW LAW A new section of law not to be
4 codified in the Oklahoma Statutes reads as follows:

5 The Legislature hereby finds and declares that for decades,
6 cities and states have been incentivized to pursue a "race to the
7 bottom", rolling out increasingly lavish economic welfare policies
8 whenever multi-national corporations announce plans to move
9 locations, build new headquarters, or expand operations.

10 Incentivizing creates a harmful, zero-sum competition that arises
11 between states or municipalities to aggressively bundle commercial
12 property tax abatements, job creation tax credits, investment tax
13 credits, research and development tax credits, and customized job
14 training tax credits. This practice has grown to become a forty-
15 five-billion-dollar economic tax break industrial complex designed
16 to extract wealth and resources from the public for the
17 disproportionate benefit of corporations. An agreement between
18 states to prohibit company-specific subsidies would create a level
19 playing field by refusing to engage in the race to the bottom that
20 large corporations and their executives have come to rely on.

21 Cooperation between states that refuse to allow multi-national
22 corporations to play municipalities or states off one another will
23 end the enrichment of large companies at the expense of taxpayers
24 and end decades of wasteful spending, which has not led to

1 meaningful economic benefits and benefited none but a few of the
2 wealthiest companies.

3 SECTION 3. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 610 of Title 62, unless there is
5 created a duplication in numbering, reads as follows:

6 As used in this act:

7 1. "Company-specific subsidy" shall mean a:

8 a. company-specific tax incentive, including any change
9 in the general tax rate or valuation offered or
10 presented to a specific company by this state that is
11 not available to other similarly situated companies,
12 and

13 b. company-specific grant, including any disbursement of
14 funds through property, cash, or deferred tax
15 liability by this state to a particular company.

16 The term company-specific subsidy does not include workforce
17 development grants that provide funds for the purpose of training
18 employees; and

19 2. "Member state" means any state, territory, or the District
20 of Columbia of the United States that has enacted this compact
21 legislation and has not withdrawn from or terminated the compact
22 pursuant to Section 4 of this act.

1 SECTION 4. NEW LAW A new section of law to be codified

2 in the Oklahoma Statutes as Section 611 of Title 62, unless there is
3 created a duplication in numbering, reads as follows:

4 A. Each member state is prohibited from offering or providing a
5 company-specific subsidy to an entity whose headquarters,
6 manufacturing facility, office space, or other real estate
7 development is located or is considering a location or locating in
8 any other member state, or to incentivize an entity located in a
9 member state to relocate its headquarters, manufacturing facility,
10 office space, or other real estate development to its state.

11 B. This compact shall not be retroactive and existing company-
12 specific subsidies shall not be prohibited by this compact.

13 C. A member state may withdraw from participating in this
14 compact by written notice to the compact administrator of each
15 member state. The notice of withdrawal shall not become effective
16 until ninety (90) days after the notice is given. The withdrawal of
17 any member state shall not affect the validity of this compact as to
18 the remaining participating member states.

19 D. If the board of compact administrators determines that any
20 member state has at any time willfully violated any of the terms
21 this compact or the established bylaws, after notice and hearing as
22 set forth in the bylaws, the board of compact administrators may
23 terminate the member state from this compact.

1 E. This compact may be amended from time to time. Amendments
2 shall be presented in resolution form to the chair of the board of
3 compact administrators and shall be initiated by one or more member
4 states. Adoption of an amendment shall require endorsement by all
5 member states and shall become effective thirty (30) days after the
6 date of the last endorsement.

7 SECTION 5. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 612 of Title 62, unless there is
9 created a duplication in numbering, reads as follows:

10 A. For purposes of administering the provisions of this compact
11 and to serve as a governing body for the resolution of all matters
12 relating to the operation of this compact, a board of compact
13 administrators is hereby established as follows:

14 1. The board shall be composed of one representative from each
15 of the member states to be known as the compact administrator and
16 the compact administrator of this state shall be the Lieutenant
17 Governor;

18 2. The compact administrator shall serve and be subject to
19 removal in accordance with the laws of the state he or she
20 represents. A compact administrator may provide for the discharge
21 of his or her duties and the performance of his or her function as a
22 board member by an alternate. An alternate may not serve unless
23 written notification of his or her identity has been given to the
24 board;

1 3. The board shall convene at least once annually and shall be
2 responsible for collecting testimony from interested parties
3 including member states, organizations and associations, state
4 legislators, taxpayers, and subject matter experts on how the
5 compact can be improved and strengthened;

6 4. Each compact administrator shall be entitled to one vote.
7 No action of the board shall be binding unless a majority of the
8 total number of the votes by the board are cast in favor thereof.
9 Action by the board shall be only at a meeting at which a majority
10 of the member states are represented;

11 5. The board shall elect annually from its membership a chair
12 and vice chair. The board shall adopt bylaws not inconsistent with
13 the provisions of this compact or the laws of a member state for the
14 conduct of its business and shall have the power to amend and
15 rescind the bylaws;

16 6. The board may accept, for any of its purposes and functions
17 under this compact, any donations and grants of monies, equipment,
18 supplies, materials, and services, conditional or otherwise, from
19 any state, the United States, or any governmental agency and may
20 receive, utilize, and dispose of the same;

21 7. The board may contract with, or accept services or personnel
22 from, any governmental or intergovernmental agency, individual, firm
23 or corporation, or any private nonprofit organization or
24 institution; and

1 8. The board shall formulate all necessary procedures and
2 develop uniform forms and documents for administering the provisions
3 of this compact. All procedures and forms adopted pursuant to board
4 action shall be contained in a compact manual.

5 B. The Office of the Attorney General is hereby designated as
6 the agency responsible for performing administrative and enforcement
7 duties assigned to this compact to abolish company-specific
8 subsidies.

9 SECTION 6. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 613 of Title 62, unless there is
11 created a duplication in numbering, reads as follows:

12 This compact shall be liberally construed to effectuate its
13 purposes. If any phrase, clause, sentence, or provision of the
14 compact, or the applicability of any phrase, clause, sentence, or
15 provision of this compact to any government, agency, person, or
16 circumstance is declared in a final judgment by a court of competent
17 jurisdiction to be contrary to the Constitution of the United States
18 or is otherwise held invalid, the validity of the remainder of this
19 compact and the applicability of the remainder of this compact to
20 any government, agency, person, or circumstances may not be
21 affected. If this compact is held to be contrary to the
22 constitution of any member state, the compact shall remain in full
23 force and effect as to the remaining member states and in full force
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1 and effect as to the affected member state as to all severable
2 matters.

3 SECTION 7. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 614 of Title 62, unless there is
5 created a duplication in numbering, reads as follows:

6 This act shall take effect upon the adoption of the Interstate
7 Compact Prohibiting Company-specific Subsidies by two or more member
8 states and the Office of the Attorney General providing in a notice
9 to the Lieutenant Governor that this contingency has been fulfilled.

10 SECTION 8. It being immediately necessary for the preservation
11 of the public peace, health or safety, an emergency is hereby
12 declared to exist, by reason whereof this act shall take effect and
13 be in full force from and after its passage and approval.

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