

**House File 598 - Introduced**

HOUSE FILE 598

BY MASCHER

**A BILL FOR**

1 An Act creating a compact with certain other states to phase  
2 out corporate giveaways.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 15.122 Compact to phase out  
2 corporate giveaways.

3 1. This section may be cited as the "*Phase Out Corporate*  
4 *Giveaways Act*".

5 2. This compact to phase out corporate giveaways shall be  
6 entered into with any state and the District of Columbia if a  
7 state or the District of Columbia enacts enabling laws and this  
8 compact in substantially the following form:

9 3. *Article 1 — Membership.* Any state and the District of  
10 Columbia may become a member of this compact by enacting this  
11 compact.

12 4. *Article 2 — Definitions.* As used in this section,  
13 unless the context otherwise requires:

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

17 b. "*Company-specific tax incentive*" means any change in  
18 the general tax rate or tax valuation offered or presented to  
19 a specific company that is not available to other similarly  
20 situated companies.

21 c. "*Corporate giveaway*" means any company-specific grant or  
22 company-specific tax incentive.

23 d. "*Located in any other member state*" means any office  
24 space, manufacturing facility, or company headquarters that is  
25 physically located in another member state, whether or not the  
26 company has additional real property in the member state.

27 e. "*Member state*" means any state or the District of  
28 Columbia that has enacted this compact.

29 5. *Article 3 — Findings.* The member states find all of the  
30 following:

31 a. Corporate giveaways are among the least effective uses of  
32 taxpayer dollars to create and maintain jobs.

33 b. Local and state leaders are in a prisoners' dilemma  
34 where it is in all member states' interest to create a  
35 level playing field for all employers without any corporate

1 giveaways; however, each level of government has the incentive  
2 to subsidize companies which generates a race to the bottom.

3     *c.* States should attract and retain companies based on  
4 general conditions, including but not limited to more modern  
5 infrastructure, an educated workforce, a clean environment,  
6 and a favorable tax and regulatory climate, and not based on  
7 company-specific grants.

8     *d.* Corporate giveaways fuel business inequality as only the  
9 largest businesses receive the vast majority of these funds.

10     *e.* A reasonable first step in phasing out corporate  
11 giveaways is an anti-poaching agreement among states that  
12 prohibits a state from offering company-specific tax incentives  
13 and company-specific grants as an inducement for a company to  
14 relocate to that state.

15     *f.* Creating a national board of individuals appointed by  
16 member states' chief executive officers who are charged with  
17 coming to a consensus regarding ongoing improvements to this  
18 compact will assist states in escaping the prisoners' dilemma  
19 and in implementing a level playing field for all employers.

20     6. *Article 4 — Poaching prohibition.* Each member state is  
21 prohibited from offering or providing any company-specific tax  
22 incentives or company-specific grants to any company currently  
23 located in any other member state to induce that company to  
24 relocate corporate headquarters, manufacturing facilities,  
25 office space, or other real estate developments to the member  
26 state offering the incentive or grant.

27     7. *Article 5 — Exclusions.* The following shall not be  
28 subject to this compact:

29     *a.* Workforce development grants that are used by companies  
30 to fund employee training.

31     *b.* Company-specific tax incentives or company-specific  
32 grants offered by county or local governments.

33     *c.* Company-specific tax incentives and company-specific  
34 grants offered by a state to a company that has a corporate  
35 headquarters, manufacturing facility, office space, or other

1 real estate development already located in the state as an  
2 inducement to maintain or expand the corporate headquarters,  
3 manufacturing facility, office space, or other real estate  
4 development within the state.

5 8. *Article 6 — Withdrawal.* Any member state may withdraw  
6 from this compact with six months advance written notice to the  
7 chief executive officer of every other member state.

8 9. *Article 7 — Enforcement.*

9 a. The chief law enforcement officer of each member state  
10 shall enforce this compact.

11 b. A taxpaying resident of any member state has standing in  
12 the courts of any member state to file suit asking the court to  
13 require the chief law enforcement officer of that member state  
14 to enforce this compact.

15 10. *Article 8 — Board.* The phase out corporate giveaways  
16 board is established upon the second member state entering into  
17 this compact. The chief executive officer of each member state  
18 shall appoint one member to the board. The board shall accept  
19 appointees from nonmember states. The board shall convene at  
20 least annually, elect officers from the board's membership,  
21 establish rules and procedures for the board's governance,  
22 and publish an annual report in December that suggests  
23 improvements to this compact. The board shall seek input from  
24 member states, organizations and associations representing  
25 state legislators, taxpayers, and subject matter experts on  
26 improvements to the compact.

27 11. *Article 9 — Construction and severability.*

28 a. This compact shall be liberally construed to effectuate  
29 its purposes. If any provision of this compact, or the  
30 applicability of any provision of this compact to any  
31 government, agency, person, or circumstance is declared  
32 by a court of competent jurisdiction to be contrary to the  
33 Constitution of the United States, or otherwise invalid, the  
34 remaining provisions of this compact and the applicability of  
35 the remaining provisions to any government, agency, person, or

1 circumstance shall not be affected.

2 *b.* If this compact is held to be contrary to the  
3 constitution of any member state, the compact shall remain in  
4 full force and effect as to the remaining member states and in  
5 full force and effect as to the affected member state as to all  
6 severable provisions.

7 EXPLANATION

8 The inclusion of this explanation does not constitute agreement with  
9 the explanation's substance by the members of the general assembly.

10 This bill creates a compact with certain other states to  
11 phase out corporate giveaways.

12 The bill defines "corporate giveaways" as any  
13 company-specific grant or company-specific tax incentive.  
14 "Company-specific grant" and "company-specific tax incentive"  
15 are also defined in the bill.

16 The bill provides that any state and the District of Columbia  
17 may become a member of the compact and that member states must  
18 cooperate to phase out corporate giveaways for the reasons  
19 outlined in the bill.

20 The bill requires each member state to agree to refrain  
21 from offering or providing corporate giveaways to a company  
22 currently located in any other member state. Each member state  
23 must also agree to refrain from offering corporate giveaways  
24 for corporate headquarters, manufacturing facilities, office  
25 space, or other real estate developments to any company  
26 currently located in any other member state to induce that  
27 company to relocate to the member state offering the giveaways.

28 The bill excludes workforce development grants;  
29 company-specific tax incentives and company-specific grants  
30 offered by county or local governments; and company-specific  
31 tax incentives and company-specific grants offered by a state  
32 to a company that has a corporate headquarters, manufacturing  
33 facility, office space, or other real estate development  
34 already located in the state as an inducement to maintain or  
35 expand the corporate headquarters, manufacturing facility,

1 office space, or other real estate development within the  
2 state.

3 The bill provides that any member state may withdraw from  
4 the compact with six months prior written notice to the chief  
5 executive officer of every other member state.

6 The bill requires the chief law enforcement officer of each  
7 member state to enforce the compact. The bill provides that  
8 any taxpaying resident of any member state has standing in the  
9 courts of any member state to file suit to ask the court to  
10 require the chief law enforcement officer of that member state  
11 to enforce the compact.

12 The bill establishes a board of member states. The  
13 appointees to the board and the duties of the board are  
14 outlined in the bill.