

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 SENATE BILL 735

By: Dahm

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5  
6 AS INTRODUCED

7 An Act relating to public finance; creating the  
8 Corporate Welfare Prohibition Compact Act; providing  
9 short title; providing intent; defining terms;  
10 prohibiting the provision of certain incentives upon  
11 the effectiveness of certain compact; requiring the  
12 Attorney General to enforce the provisions of this  
13 act; providing for standing to sue; requiring the  
14 Governor or a designee to be designated compact  
15 administrator; requiring administrator to provided  
16 certain information; requiring administrator to  
17 maintain certain list; requiring the administrator to  
18 notify and petition certain delegation under certain  
19 circumstance; requiring the state to become party to,  
20 and bound by, certain compact under certain  
21 circumstance; providing for withdrawal from certain  
22 compact under certain circumstance; prohibiting  
23 withdrawal under certain circumstance; providing for  
24 noncodification; providing for codification; and  
25 providing an effective date.

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

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

22 This act shall be known and may be cited as the "Corporate  
23 Welfare Prohibition Compact Act".  
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1           SECTION 2.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 610 of Title 62, unless there is  
3 created a duplication in numbering, reads as follows:

4           This Legislature finds that:

5           A.   The party states understand that subsidizing some businesses  
6 at the expense of others is, over the long term, ineffective at best  
7 and harmful to the national economy and honest governance at worst.

8           B.   These policies are often enacted for the purpose of luring a  
9 company to relocate a headquarters or a part of a corporate  
10 operation to a state. Yet these actions often preclude a healthier  
11 competition between states in which tax and regulatory barriers are  
12 lowered to benefit the general population and create a more  
13 favorable economic climate for all businesses.

14           C.   These policies also lead to an inefficient distribution of  
15 resources among the states, leading to increased costs and  
16 inhibiting the ability of the nation to compete internationally as  
17 well as domestically. They also contribute to corruption and the  
18 loss of faith in the basic fairness of our political and economic  
19 system.

20           D.   Therefore, the party states agree that their state  
21 government, or any political subdivision, shall not provide a  
22 subsidy to a private enterprise for the purpose of selectively  
23 supporting a specific industry or company, or to entice a specific  
24 industry or company to relocate a facility from one party state to

1 another party state or open a new facility in a particular party  
2 state.

3 E. The party states also agree that once enough states with  
4 representation sufficient to constitute a three-fifths majority in  
5 both Houses of the U.S. Congress become party states, the party  
6 states and their political subdivisions will cease and desist in  
7 providing any additional subsidies except to satisfy contractual  
8 obligations agreed to prior to the effective date of this act.

9 SECTION 3. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 611 of Title 62, unless there is  
11 created a duplication in numbering, reads as follows:

12 As used in the Corporate Welfare Prohibition Compact Act:

13 1. "Party state" means a state that has enacted a statute  
14 agreeing to this compact;

15 2. "Political division" means any branch, department, agency,  
16 and any quasi-governmental entities of this state and of any  
17 political subdivision of this state;

18 3. "Subsidy" means an economic benefit, direct or indirect,  
19 granted by a state government or any political division including  
20 but not limited to direct grants, tax consideration, favorable  
21 bonding status, special district status, or any other benefit that  
22 has the effect of reducing governmental costs for a venture or class  
23 of ventures compared to others similarly situated, with the primary  
24 purpose or substantial effect of encouraging or maintaining within a

1 state or political subdivision's borders particular or specific  
2 classes of ventures in which private persons have a substantial  
3 financial or ownership interest. The economic benefits to private  
4 enterprise from the following shall not be considered a subsidy:

5 a. benefits from the government's performance of  
6 essential government functions including benefits from  
7 the following:

8 (1) the party state's or political division's  
9 provision and maintenance of public  
10 infrastructure for general public benefit and for  
11 actual public use,

12 (2) the party state's or political division's  
13 performance of functions without which it would  
14 cease to exist as a governmental body,

15 (3) the retention of private enterprise to perform  
16 functions of the type without which the party  
17 state or the political subdivision would cease to  
18 exist as a government body, and

19 (4) the procurement of supplies and services from  
20 private enterprise for the party state's or  
21 political subdivision's ordinary business  
22 operations,

23 b. benefits from lower taxes and less regulation  
24 including benefits from the following:

- 1 (1) the general and uniform relaxation or repeal of  
2 regulations,
- 3 (2) the general and uniform reduction or repeal of  
4 taxes, assessments, or fees,
- 5 (3) the relaxation or repeal of special regulations  
6 which, if not relaxed or repealed, would  
7 otherwise subject specific individuals, entities,  
8 or classes of individuals or entities to  
9 regulatory burdens in excess of those imposed  
10 generally and uniformly, and
- 11 (4) the reduction or repeal of special taxes,  
12 assessments, or fees which, if not reduced or  
13 repealed, would otherwise subject specific  
14 individuals, entities, or classes of individuals  
15 or entities to taxation, assessments, or fees in  
16 excess of those imposed generally and uniformly;  
17 and

18 4. "Facility" means real property that includes but is not  
19 limited to a headquarters, warehouse, outlet, affiliate, or  
20 production operation of a company or entity.

21 SECTION 4. NEW LAW A new section of law to be codified  
22 in the Oklahoma Statutes as Section 612 of Title 62, unless there is  
23 created a duplication in numbering, reads as follows:

1           Notwithstanding any other provision of law to the contrary, when  
2 the number of states sufficient to satisfy the conditions outlined  
3 in subsection E of Section 2 of this act agree to the compact, the  
4 party state governments, and their political divisions, shall not  
5 give a subsidy to a private enterprise for the purpose of  
6 selectively supporting a specific industry or company or to entice a  
7 specific industry or company to relocate an existing facility from  
8 one party state to another party state or open a new facility.

9           SECTION 5.       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           A.   The Attorney General shall enforce the provisions of the  
13 Corporate Welfare Prohibition Compact Act.

14           B.   A taxpaying resident of any party state has standing in the  
15 courts of this state to require the Attorney General to enforce the  
16 provisions of the Corporate Welfare Prohibition Compact Act.

17           SECTION 6.       NEW LAW       A new section of law to be codified  
18 in the Oklahoma Statutes as Section 614 of Title 62, unless there is  
19 created a duplication in numbering, reads as follows:

20           A.   The Governor or a designee of the Governor shall be the  
21 compact administrator.

22           B.   The compact administrator shall maintain an accurate list of  
23 all party states.

1 C. The compact administrator shall furnish the compact  
2 administrator of each party state any information or documents that  
3 are reasonably necessary to effectuate the provisions of the  
4 Corporate Welfare Prohibition Compact.

5 D. When the number of states sufficient to satisfy the  
6 conditions outlined in subsection E of Section 2 of this act agree  
7 to the Compact, the compact administrator of each party state shall  
8 inform the party state's congressional delegation, the president of  
9 the senate, and the speaker of the house and shall request that  
10 legislation that comports with the provisions of this Compact be  
11 introduced and passed by Congress as soon as possible and shall send  
12 copies of these communications to the compact administrator of each  
13 party state.

14 SECTION 7. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 615 of Title 62, unless there is  
16 created a duplication in numbering, reads as follows:

17 A. When the number of states sufficient to satisfy the  
18 conditions outlined in subsection E of Section 2 of this act agree  
19 to the Compact this state shall become a party to the compact and  
20 bound by its terms when it enacts a statute agreeing to the compact  
21 and written notice of such enactment is received by the governor of  
22 each other party state.

23 B. Before the number of states sufficient to satisfy the  
24 conditions outlined in subsection E of Section 2 of this act agree

1 to the Compact this state may withdraw from the Compact by  
2 resolution or repeal of this act. Withdrawal by a party state shall  
3 not affect the validity or applicability of the compact to states  
4 remaining party to the compact.

5 C. This state or any party state shall not withdraw from the  
6 Compact after the number of states sufficient to satisfy the  
7 conditions outlined in subsection E of Section 2 of this act agree  
8 to the Compact.

9 SECTION 8. This act shall become effective November 1, 2023.

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