

1 **SENATE FLOOR VERSION**

2 February 27, 2023

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 735

6 By: Dahm

7 [interstate compacts - subsidies and incentives -
8 procedure - termination - amendments - board -
9 meeting requirements - duties and authorities -
10 contracts - grants and donations - severability -
11 noncodification - codification - effectiveness -
12 emergency]

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

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

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

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

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

1 Incentivizing creates a harmful, zero-sum competition that arises
2 between states or municipalities to aggressively bundle commercial
3 property tax abatements, job creation tax credits, investment tax
4 credits, research and development tax credits, and customized job
5 training tax credits. This practice has grown to become a forty-
6 five-billion-dollar economic tax break industrial complex designed
7 to extract wealth and resources from the public for the
8 disproportionate benefit of corporations. An agreement between
9 states to prohibit company-specific subsidies would create a level
10 playing field by refusing to engage in the race to the bottom that
11 large corporations and their executives have come to rely on.
12 Cooperation between states that refuse to allow multi-national
13 corporations to play municipalities or states off one another will
14 end the enrichment of large companies at the expense of taxpayers
15 and end decades of wasteful spending, which has not led to
16 meaningful economic benefits and benefited none but a few of the
17 wealthiest companies.

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

21 As used in this act:

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

23 a. company-specific tax incentive, including any change
24 in the general tax rate or valuation offered or

1 presented to a specific company by this state that is
2 not available to other similarly situated companies,
3 and

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

7 The term company-specific subsidy does not include workforce
8 development grants that provide funds for the purpose of training
9 employees; and

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

14 SECTION 4. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 611 of Title 62, unless there is
16 created a duplication in numbering, reads as follows:

17 A. Each member state is prohibited from offering or providing a
18 company-specific subsidy to an entity whose headquarters,
19 manufacturing facility, office space, or other real estate
20 development is located or is considering a location or locating in
21 any other member state, or to incentivize an entity located in a
22 member state to relocate its headquarters, manufacturing facility,
23 office space, or other real estate development to its state.

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

3 C. A member state may withdraw from participating in this
4 compact by written notice to the compact administrator of each
5 member state. The notice of withdrawal shall not become effective
6 until ninety (90) days after the notice is given. The withdrawal of
7 any member state shall not affect the validity of this compact as to
8 the remaining participating member states.

9 D. If the board of compact administrators determines that any
10 member state has at any time willfully violated any of the terms
11 this compact or the established bylaws, after notice and hearing as
12 set forth in the bylaws, the board of compact administrators may
13 terminate the member state from this compact.

14 E. This compact may be amended from time to time. Amendments
15 shall be presented in resolution form to the chair of the board of
16 compact administrators and shall be initiated by one or more member
17 states. Adoption of an amendment shall require endorsement by all
18 member states and shall become effective thirty (30) days after the
19 date of the last endorsement.

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

23 A. For purposes of administering the provisions of this compact
24 and to serve as a governing body for the resolution of all matters

1 relating to the operation of this compact, a board of compact
2 administrators is hereby established as follows:

3 1. The board shall be composed of one representative from each
4 of the member states to be known as the compact administrator and
5 the compact administrator of this state shall be the Lieutenant
6 Governor;

7 2. The compact administrator shall serve and be subject to
8 removal in accordance with the laws of the state he or she
9 represents. A compact administrator may provide for the discharge
10 of his or her duties and the performance of his or her function as a
11 board member by an alternate. An alternate may not serve unless
12 written notification of his or her identity has been given to the
13 board;

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

19 4. Each compact administrator shall be entitled to one vote.
20 No action of the board shall be binding unless a majority of the
21 total number of the votes by the board are cast in favor thereof.
22 Action by the board shall be only at a meeting at which a majority
23 of the member states are represented;

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

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

11 7. The board may contract with, or accept services or personnel
12 from, any governmental or intergovernmental agency, individual, firm
13 or corporation, or any private nonprofit organization or
14 institution; and

15 8. The board shall formulate all necessary procedures and
16 develop uniform forms and documents for administering the provisions
17 of this compact. All procedures and forms adopted pursuant to board
18 action shall be contained in a compact manual.

19 B. The Office of the Attorney General is hereby designated as
20 the agency responsible for performing administrative and enforcement
21 duties assigned to this compact to abolish company-specific
22 subsidies.

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

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

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

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

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

5 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
6 February 27, 2023 - DO PASS AS AMENDED BY CS
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