

INTERSTATE COMPACT FOR ECONOMIC DEVELOPMENT

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: _____

LONG TITLE

General Description:

This bill creates the Interstate Compact for Mutually Beneficial Economic Development.

Highlighted Provisions:

This bill:

- ▶ creates the Interstate Compact for Mutually Beneficial Economic Development (the compact);
- ▶ describes that the compact becomes effective when 50 states have joined the compact;
- ▶ defines terms;
- ▶ describes that states that are members of the compact agree to not offer a targeted subsidy for any company currently located in or considering locating in the member state, including for any headquarters, facilities, property, assets, or operations; and
- ▶ creates the Interstate Economic Development Commission and describes the commission's membership and duties.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:



28 ENACTS:

29 [63N-2-901](#), Utah Code Annotated 1953

30 [63N-2-902](#), Utah Code Annotated 1953

31 [63N-2-903](#), Utah Code Annotated 1953

32 [63N-2-904](#), Utah Code Annotated 1953

33 [63N-2-905](#), Utah Code Annotated 1953



35 *Be it enacted by the Legislature of the state of Utah:*

36 Section 1. Section [63N-2-901](#) is enacted to read:

37 **Part 9. Interstate Compact for Mutually Beneficial Economic Development**

38 **[63N-2-901](#). Title.**

39 (1) This part is known as the "Interstate Compact for Mutually Beneficial Economic
40 Development."

41 (2) The Interstate Compact for Mutually Beneficial Economic Development described
42 in this part is effective only after no fewer than 50 states have agreed to enter into a compact
43 substantially in the form of this part.

44 Section 2. Section [63N-2-902](#) is enacted to read:

45 **[63N-2-902](#). Definitions.**

46 As used in this part:

47 (1) "Commission" means the Interstate Economic Development Commission created in
48 Section [63N-2-904](#).

49 (2) "Compact" means the Interstate Compact for Mutually Beneficial Economic
50 Development described in this part.

51 (3) "Compacting state" means a state that has enacted enabling legislation for the
52 compact.

53 (4) "Council" means the Interstate Economic Development Council created for each
54 compacting state in Section [63N-2-905](#).

55 (5) "State" means a state of the United States, the District of Columbia, or any other
56 territorial possession of the United States.

57 (6) (a) "Targeted subsidy" means an economic benefit, direct or indirect, granted by the
58 government of a state, any agency or subdivision of the government of the state, or by a private

59 party on behalf of the government of the state to a specific commercial venture or specific class
60 of commercial ventures to encourage or maintain within the state's borders a specific
61 commercial venture or specific class of commercial ventures in which private persons have a
62 substantial financial or ownership interest.

63 (b) "Targeted subsidy" includes any of the following granted or disbursed to a specific
64 company, venture, or private enterprise that is not offered uniformly to all companies, ventures,
65 or commercial enterprises in a state:

66 (i) money, property, or other assets;

67 (ii) tax reductions or tax credits, fee reductions, deferred tax liability, or general tax
68 rate changes or valuation changes with the purpose of lowering tax liability;

69 (iii) debt bailouts, loan guarantees, reduced-cost loans, reduced-cost leases, and the
70 provision of favorable bonding status; or

71 (iv) the provision of project-specific or project-supporting infrastructure.

72 (c) "Targeted subsidy" does not include:

73 (i) a benefit provided from the government's performance of essential government
74 functions, including:

75 (A) the provision and maintenance of public infrastructure for general public benefit
76 and public use;

77 (B) the performance of functions without which the state or political subdivision would
78 cease to exist as a governmental body;

79 (C) the retention of private enterprise to perform functions of the type without which
80 the state or political subdivision would cease to exist as a government body; and

81 (D) the procurement of supplies and services from private enterprise for the state's or
82 political subdivision's ordinary business operations;

83 (ii) a benefit provided by the government to generally lower taxes or reduce
84 regulations, including:

85 (A) the general and uniform reduction or repeal of regulations;

86 (B) the general and uniform reduction or repeal of taxes, assessments, or fees;

87 (C) the relaxation or repeal of special regulations that, if not relaxed or repealed, would
88 otherwise subject specific individuals, entities, or classes of individuals or entities to regulatory
89 burdens in excess of those imposed generally and uniformly; and

90 (D) the reduction or repeal of special taxes, assessments, or fees that, if not reduced or
91 repealed, would otherwise subject specific individuals, entities, or classes of individuals or
92 entities to taxation, assessments, or fees in excess of those imposed generally and uniformly; or
93 (iii) a workforce development grant.

94 (7) "Workforce development grant" means a disbursement of money by a state or any
95 agency or subdivision of the government of the state where the money will be used for training
96 employees in skills that are broadly applicable to many employment opportunities and are not
97 narrowly-tailored to preparing workers for employment with a particular company, commercial
98 entity, or private enterprise.

99 Section 3. Section **63N-2-903** is enacted to read:

100 **63N-2-903. Compact.**

101 (1) Each compacting state agrees under the terms of this compact to not offer a targeted
102 subsidy to any company, commercial entity, or private enterprise for any headquarters,
103 facilities, property, assets, or operations.

104 (2) Each compacting state shall enforce this compact and take all actions necessary and
105 appropriate to effectuate this compact's purposes and intent.

106 (3) Because this compact is not retroactive, no existing targeted subsidy is impacted by
107 this agreement, except that a change to the terms, including a renewal or reenactment, of an
108 existing targeted subsidy is considered a new targeted subsidy and is not permitted under this
109 compact.

110 (4) A workforce development grant is not subject to this compact.

111 (5) A compacting state may only withdraw from this compact four years after written
112 notice is provided by the compacting state to the governor of every other compacting state.

113 Section 4. Section **63N-2-904** is enacted to read:

114 **63N-2-904. Interstate Economic Development Commission.**

115 (1) There is created the Interstate Economic Development Commission.

116 (2) The commission is a body corporate and joint agency of the compacting states.

117 (3) The membership of the commission consists of one member from each compacting
118 state chosen by the compacting state's council created in Section [63N-2-905](#).

119 (4) Each member of the commission attending any meeting of the commission is
120 entitled to one vote.

- 121 (5) A majority of compacting states constitutes a quorum for the transaction of
122 business.
- 123 (6) The commission shall meet at least once each calendar year.
- 124 (7) All commission meetings shall be open to the public.
- 125 (8) In fulfilling the commission's duties, the commission shall:
- 126 (a) study the effect of the compact and whether compacting states are complying with
127 the provisions of the compact;
- 128 (b) investigate how the compact could be made more effective in supporting uniform
129 and fair interstate economic development policies, including successfully ending all targeted
130 subsidies within compacting states;
- 131 (c) advocate for a national consensus in adopting the compact;
- 132 (d) until such recognition is granted, annually petition the United States Congress for
133 recognition of the compact;
- 134 (e) hire employees, elect or appoint officers, fix compensation, define duties, and grant
135 such individuals appropriate authority to carry out the purposes of this compact; and
- 136 (f) establish a website that includes information regarding meetings of the commission
137 and the bylaws of the commission.
- 138 (9) In fulfilling the commission's duties, the commission shall by a majority vote of
139 commission members prescribe bylaws to govern the commission's conduct as may be
140 necessary to carry out the purposes of this compact, including:
- 141 (a) establishing titles, duties and authority, and reasonable procedures for the election
142 of officers of the commission;
- 143 (b) establishing the fiscal year of the commission;
- 144 (c) providing reasonable procedures for the establishment of other committees or
145 working groups;
- 146 (d) providing reasonable procedures for calling and conducting meetings of the
147 commission;
- 148 (e) facilitating and coordinating the uniform implementation and administration of this
149 compact; and
- 150 (f) determining and collecting an annual assessment from each compacting state to
151 cover the annual costs of the commission's operations, activities, and staff.

152 (10) The commission, in the reasonable exercise of the commission's discretion, shall
153 enforce the provisions of this compact and may:

154 (a) by majority vote, initiate legal action against a compacting state that is in violation
155 of the terms of the compact in the United States District Court for the District of Columbia, the
156 federal district in which the commission has the commission's principal offices, or a federal
157 district court where the compacting state is located; and

158 (b) seek injunctive relief and damages.

159 Section 5. Section **63N-2-905** is enacted to read:

160 **63N-2-905. Interstate Economic Development Council.**

161 (1) Each compacting state shall create an Interstate Economic Development Council.

162 (2) Each compacting state shall appoint the following members to the council:

163 (a) one member appointed by the governor;

164 (b) the chief law enforcement officer of the state, or the chief law enforcement officer's
165 designee;

166 (c) one member each appointed by the majority leader of each legislative chamber, for
167 a total of two members;

168 (d) one member each appointed by the minority leader of each legislative chamber, for
169 a total of two members;

170 (e) the state auditor or controller; and

171 (f) additional members as appointed by the governor with the advice and consent of the
172 Senate of the compacting state.

173 (3) Each council shall:

174 (a) select from among the council members, the compacting state's commission
175 member;

176 (b) coordinate the implementation of this compact by advising the compacting state's
177 legislative and executive branches; and

178 (c) provide an annual report to the legislative branch and the governor of the
179 compacting state describing the compacting state's success and challenges in implementing and
180 complying with this compact.