

ECONOMIC DEVELOPMENT INCENTIVES COMPACT

2020 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill creates the Company-Specific Subsidy Interstate Compact Act.

Highlighted Provisions:

This bill:

- ▶ creates the Company-Specific Subsidy Interstate Compact (the compact);
- ▶ describes that the compact becomes effective when all 50 states have joined the compact;
- ▶ defines terms;
- ▶ describes that states that are members of the compact agree to not offer a company-specific subsidy for any company currently located in or considering locating in the member state, including for corporate headquarters, manufacturing facilities, office space, or other real estate development; and
- ▶ creates the Interstate Company-Specific Subsidy Board and describes the board's membership and duties.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

63N-2-901, Utah Code Annotated 1953

63N-2-902, Utah Code Annotated 1953

63N-2-903, Utah Code Annotated 1953

63N-2-904, Utah Code Annotated 1953

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

Section 1. Section **63N-2-901** is enacted to read:

Part 9. Company-Specific Subsidy Interstate Compact

63N-2-901. Title.

(1) This part is known as the "Company-Specific Subsidy Interstate Compact."

(2) The Company-Specific Subsidy Interstate Compact described in this part is effective only after each of the other 49 states have agreed to enter into a compact substantially in the form of this part.

Section 2. Section **63N-2-902** is enacted to read:

63N-2-902. Definitions.

As used in this part:

(1) "Compact" means the Company-Specific Subsidy Interstate Compact described in this part.

(2) "Company-specific grant" means a disbursement of funds by property, money, or deferred tax liability to a specific company by the government of the state or any agency or subdivision of the government of the state.

(3) "Company-specific subsidy" means a company-specific grant or a company-specific tax incentive.

(4) "Company-specific tax incentive" means a change in the general tax rate or valuation offered or presented to a specific company or a tax credit offered or presented to a specific company that is not available to other similarly-situated companies, including a tax incentive that is part of a special agreement negotiated with an official of the state or an official of any agency or subdivision of the government of the state.

(5) "Subsidy board" means the Interstate Company-Specific Subsidy Board created in Section 63N-2-904.

(6) "Workforce development grant" means a disbursement of money where the money will be used for training employees.

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

63N-2-903. Compact.

(1) Each member state agrees under the terms of this compact to not offer a company-specific subsidy for any company currently located in or considering locating in the member state, including for corporate headquarters, manufacturing facilities, office space, or other real estate development.

(2) Because this compact is not retroactive, no existing company-specific subsidy is impacted by this agreement, except that a change to the terms, including a renewal or reenactment, of an existing company-specific subsidy is considered a new company-specific subsidy and is not permitted under this compact.

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

(4) A member state may withdraw from this compact with six-months written notice to the governor of every other member state.

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

63N-2-904. Interstate Company-Specific Subsidy Board.

(1) There is created the Interstate Company-Specific Subsidy Board.

(2) Each member state shall appoint five members to the subsidy board as follows:

(a) one member appointed by the governor;

(b) one each from the majority leader of each legislative chamber, for a total of two members; and

(c) one each from the minority leader of each legislative chamber, for a total of two members.

(3) The subsidy board shall meet at least once each year.

(4) The subsidy board shall elect officers from the subsidy board's membership and shall establish rules and procedures for the governance of the subsidy board.

(5) The subsidy board shall:

(a) determine how to implement and improve the compact;

(b) collect testimony from interested parties, which may include:

(i) representatives of member states;

(ii) organizations and associations representing state legislators;

(iii) taxpayers; and

(iv) subject matter experts.

(6) The subsidy board may draft and disseminate suggested revisions to this compact.