



SPONSOR: Rep. Baumbach & Rep. Kowalko & Sen. Paradee
Sen. Sokola

HOUSE OF REPRESENTATIVES
150th GENERAL ASSEMBLY

HOUSE BILL NO. 288

AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO AN INTERSTATE COMPACT
PROHIBITING COMPANY-SPECIFIC SUBSIDIES.

1 WHEREAS, for decades, cities and states have been incentivized to pursue a "Race to the Bottom", rolling out
2 increasingly lavish economic welfare policies whenever multi-national corporations announce plans to move locations,
3 build new headquarters, or expand operations; and

4 WHEREAS, a harmful, zero-sum competition arises between states or municipalities to aggressively bundle
5 commercial property tax abatements, job creation tax credits, investment tax credits, R&D tax credits, and customized job
6 training tax credits; and

7 WHEREAS, this practice has grown to become a \$45 billion economic tax break industrial complex designed to
8 extract wealth and resources from the public for the disproportionate benefit of corporations; and

9 WHEREAS, an agreement between states to prohibit company-specific subsidies would create a level playing field
10 by refusing to engage in the "race to the bottom" that large corporations and their executives have come to rely on; and

11 WHEREAS, cooperation between states that refuse to allow multi-national corporations to play municipalities or
12 states off one another will end the enrichment of large companies at taxpayers' expense and end decades of wasteful
13 spending, which have not led to meaningful economic benefits and benefited none but a few of the wealthiest companies.

14 NOW, THEREFORE:

15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

16 Section 1. Amend Chapter 87A, Title 29 of the Delaware Code by making deletions as shown by strike through
17 and insertions as shown by underline as follows:

18 Subchapter II-A. Interstate Compact Prohibiting Company-Specific Subsidies.

19 § 8730A. Definitions.

20 As used in this subchapter:

21 (1) "Company-specific subsidy" means all of the following:

22 a. Company-specific tax incentive, including any change in the general tax rate or valuation offered or
23 presented to a specific company by the State that is not available to other similarly-situated companies.

b. Company-specific grant, including any disbursement of funds via property, cash, or deferred tax liability by the State to a particular company.

c. The term “company-specific subsidy” does not include workforce development grants that provide funds for the purpose of training employees.

(5) “Member state” means any state, District of Columbia, or territory of the United States that has enacted this compact legislation and has not withdrawn from or terminated the Compact under § 8731A of this subchapter.

§ 8731A. Compact.

(a) Each member state is prohibited from offering or providing a company-specific subsidy to an entity whose headquarters, manufacturing facility, office space, or other real estate development is located or is considering to be located in any other member state or to incentivize an entity located in a member state to relocate their headquarters, manufacturing facility, office space, or other real estate development to its state.

(b) This compact is not retroactive and existing company-specific subsidies shall not be prohibited by this compact.

(c) A member state may withdraw from participating in this compact by written notice to the compact administrator of each member state. The notice of withdrawal shall not become effective until 90 days after such notice is given. The withdrawal of any member state will not affect the validity of this compact as to the remaining participating member states.

(d) If the board of compact administrators determines that any member state has at any time willfully violated any of the terms this compact or established by-laws, then, after notice and hearing as set forth in the by-laws, the board of compact administrators may terminate such member state from this compact.

(e) This compact may be amended from time to time. Amendments shall be presented in resolution form to the chair of the board of compact administrators and shall be initiated by 1 or more member states. Adoption of an amendment shall require endorsement by all member states and shall become effective 30 days after the date of the last endorsement.

§ 8732A. Establishment of the board of compact administrators.

(a) For the purpose of administering the provisions of this compact and to serve as a governing body for the resolution of all matters relating to the operation of this compact, a board of compact administrators is established.

(1) The board shall be composed of 1 representative from each of the member states to be known as the compact administrator.

a. The compact administrator shall be appointed by the chief executive of each member state and shall serve and be subject to removal in accordance with the laws of the state he or she represents.

b. A compact administrator may provide for the discharge of his or her duties and the performance of his or her function as a board member by an alternate. An alternate may not serve unless written notification of his or her identity has been given to the board.

(2) The board shall convene at least once annually and shall be responsible for collecting testimony from interested parties, including, member states, organizations and associations, state legislators, taxpayers, and subject matter experts on how the compact can be improved and strengthened.

(3) Each compact administrator shall be entitled to 1 vote. No action of the board shall be binding unless a majority of the total number of the board's votes is cast in favor thereof. Action by the board shall be only at a meeting at which a majority of the member states are represented.

(4) The board shall elect annually from its membership a chair and vice-chair.

(5) The board shall adopt by-laws not inconsistent with the provisions of this compact or the laws of a member state for the conduct of its business and shall have the power to amend and rescind its by-laws.

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

(7) The board may contract with, or accept services or personnel from, any governmental or intergovernmental agency, individual, firm or corporation, or any private nonprofit organization or institution.

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

§ 8733A. Construction and severability.

This compact shall be liberally construed so as to effectuate its purposes. If any phrase, clause, sentence, or provision of this compact, or the applicability of any phrase, clause, sentence, or provision of this compact to any government, agency, person, or circumstance is declared in a final judgment by a court of competent jurisdiction to be contrary to the constitution of the United States or is otherwise held invalid, the validity of the remainder of this compact and the applicability of the remainder of this compact to any government, agency, person, or circumstance may not be affected. If this compact is held to be contrary to the constitution of any member state, the compact shall remain in full force and effect as to the remaining member states and in full force and effect as to the affected member state as to all severable matters.

83 Section 2. This Act takes effect upon the adoption of the Interstate Compact Prohibiting Company-Specific
84 Subsidies by two or more member states and the Division of Professional Regulation provides in a notice to the Registrar of
85 Regulations that this contingency has been fulfilled.

SYNOPSIS

This Act, the Interstate Compact Prohibiting Company-Specific Subsidies (“Compact”), is an interstate compact designed to eliminate and prohibit corporate welfare. This Act provides that no participating state under the Compact (“member state”) may offer or provide company-specific tax incentives, grants, or any other company-specific subsidy to an entity whose headquarters, manufacturing facilities, office space, or other real estate developments are located in any other member state or to incentivize an entity located in any other member state to relocate its headquarters, manufacturing facilities, office space, or other real estate developments to its state.

Furthermore, the Act establishes a board of compact administrators to enforce and govern the Compact.

Lastly, this Act will become effective upon the adoption of the Compact by two or more member states.