

1 STATE OF OKLAHOMA

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

3 COMMITTEE SUBSTITUTE

4 FOR

5 SENATE BILL NO. 735

6 By: Dahm

7 COMMITTEE SUBSTITUTE

8 An Act relating to interstate compacts; creating the  
9 Interstate Compact Prohibiting Company-Specific  
10 Subsidies Act; providing short title; stating intent;  
11 defining terms; prohibiting member states from  
12 offering certain subsidies and incentives;  
13 disallowing retroactivity of compact and allowing for  
14 existing subsidies; prescribing procedure for  
15 withdrawing from compact; mandating termination of  
16 member state upon certain determination; prescribing  
17 amendments to compact; establishing board of compact  
18 administrators; designating composition of board;  
19 authorizing the designation of alternate member;  
20 providing meeting requirements of the board;  
21 designating duties and authorities of board members;  
22 authorizing board to enter into certain contracts and  
23 accept grants and donations; designating the Office  
24 of the Attorney General for administration and  
enforcement of compact duties; providing for  
severability of compact upon certain judgment against  
provisions; providing for noncodification; providing  
for codification; providing for effectiveness of act;  
and declaring an emergency.

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

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

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

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

5 The Legislature hereby finds and declares that for decades,  
6 cities and states have been incentivized to pursue a "race to the  
7 bottom", rolling out increasingly lavish economic welfare policies  
8 whenever multi-national corporations announce plans to move  
9 locations, build new headquarters, or expand operations.  
10 Incentivizing creates a harmful, zero-sum competition that arises  
11 between states or municipalities to aggressively bundle commercial  
12 property tax abatements, job creation tax credits, investment tax  
13 credits, research and development tax credits, and customized job  
14 training tax credits. This practice has grown to become a forty-  
15 five-billion-dollar economic tax break industrial complex designed  
16 to extract wealth and resources from the public for the  
17 disproportionate benefit of corporations. An agreement between  
18 states to prohibit company-specific subsidies would create a level  
19 playing field by refusing to engage in the race to the bottom that  
20 large corporations and their executives have come to rely on.  
21 Cooperation between states that refuse to allow multi-national  
22 corporations to play municipalities or states off one another will  
23 end the enrichment of large companies at the expense of taxpayers  
24 and end decades of wasteful spending, which has not led to

1 meaningful economic benefits and benefited none but a few of the  
2 wealthiest companies.

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

6 As used in this act:

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

8 a. company-specific tax incentive, including any change  
9 in the general tax rate or valuation offered or  
10 presented to a specific company by this state that is  
11 not available to other similarly situated companies,  
12 and

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

16 The term company-specific subsidy does not include workforce  
17 development grants that provide funds for the purpose of training  
18 employees; and

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

23

24

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

4           A. Each member state is prohibited from offering or providing a  
5 company-specific subsidy to an entity whose headquarters,  
6 manufacturing facility, office space, or other real estate  
7 development is located or is considering a location or locating in  
8 any other member state, or to incentivize an entity located in a  
9 member state to relocate its headquarters, manufacturing facility,  
10 office space, or other real estate development to its state.

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

13           C. A member state may withdraw from participating in this  
14 compact by written notice to the compact administrator of each  
15 member state. The notice of withdrawal shall not become effective  
16 until ninety (90) days after the notice is given. The withdrawal of  
17 any member state shall not affect the validity of this compact as to  
18 the remaining participating member states.

19           D. If the board of compact administrators determines that any  
20 member state has at any time willfully violated any of the terms  
21 this compact or the established bylaws, after notice and hearing as  
22 set forth in the bylaws, the board of compact administrators may  
23 terminate the member state from this compact.

24

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

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

10 A. For purposes of administering the provisions of this compact  
11 and to serve as a governing body for the resolution of all matters  
12 relating to the operation of this compact, a board of compact  
13 administrators is hereby established as follows:

14 1. The board shall be composed of one representative from each  
15 of the member states to be known as the compact administrator and  
16 the compact administrator of this state shall be the Lieutenant  
17 Governor;

18 2. The compact administrator shall serve and be subject to  
19 removal in accordance with the laws of the state he or she  
20 represents. A compact administrator may provide for the discharge  
21 of his or her duties and the performance of his or her function as a  
22 board member by an alternate. An alternate may not serve unless  
23 written notification of his or her identity has been given to the  
24 board;

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

6           4. Each compact administrator shall be entitled to one vote.  
7 No action of the board shall be binding unless a majority of the  
8 total number of the votes by the board are cast in favor thereof.  
9 Action by the board shall be only at a meeting at which a majority  
10 of the member states are represented;

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

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

21           7. The board may contract with, or accept services or personnel  
22 from, any governmental or intergovernmental agency, individual, firm  
23 or corporation, or any private nonprofit organization or  
24 institution; and

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

5           B. The Office of the Attorney General is hereby designated as  
6 the agency responsible for performing administrative and enforcement  
7 duties assigned to this compact to abolish company-specific  
8 subsidies.

9           SECTION 6.           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           This compact shall be liberally construed to effectuate its  
13 purposes. If any phrase, clause, sentence, or provision of the  
14 compact, or the applicability of any phrase, clause, sentence, or  
15 provision of this compact to any government, agency, person, or  
16 circumstance is declared in a final judgment by a court of competent  
17 jurisdiction to be contrary to the Constitution of the United States  
18 or is otherwise held invalid, the validity of the remainder of this  
19 compact and the applicability of the remainder of this compact to  
20 any government, agency, person, or circumstances may not be  
21 affected. If this compact is held to be contrary to the  
22 constitution of any member state, the compact shall remain in full  
23 force and effect as to the remaining member states and in full force  
24

1 and effect as to the affected member state as to all severable  
2 matters.

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

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

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

14

15 59-1-1968 QD 2/24/2023 1:35:59 PM

16

17

18

19

20

21

22

23

24