
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 873 Session of
2021

INTRODUCED BY RABB, INNAMORATO, HILL-EVANS, KRAJEWSKI, WEBSTER,
MADDEN, KEEFER, DELLOSO, ROWE, LEWIS AND KINKEAD,
MARCH 15, 2021

REFERRED TO COMMITTEE ON COMMERCE, MARCH 15, 2021

AN ACT

1 Authorizing the Commonwealth of Pennsylvania to join the Phase
2 Out Corporate Giveaways Interstate Compact; providing for the
3 form of the compact; and imposing additional powers and
4 duties on the Governor.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Phase Out
9 Corporate Giveaways Interstate Compact Act.

10 Section 2. Authority to execute compact.

11 The Governor of Pennsylvania, on behalf of this State, is
12 hereby authorized to execute a compact in substantially the
13 following form with any one or more of the states of the United
14 States and the District of Columbia, and the General Assembly
15 hereby signifies in advance its approval and ratification of
16 such compact:

17 ARTICLE 1

18 MEMBERSHIP

1 Any state of the United States and the District of Columbia
2 may become a member state of this compact by enacting this
3 compact.

4 ARTICLE 2

5 DEFINITIONS

6 As used in this compact:

7 "Company-specific grant" means any disbursement of funds via
8 property, cash or deferred tax liability by the state government
9 to a particular company.

10 "Company-specific tax incentive" means any change in the
11 general tax rate or valuation offered or presented to a specific
12 company that is not available to other similarly situated
13 companies.

14 "Corporate giveaway" means any company-specific grant or
15 company-specific tax incentive.

16 "Located in any other member state" means physically located
17 in another member state, whether or not the company has other
18 property in the member state.

19 "Member state" means any state or the District of Columbia
20 that has entered into this compact.

21 ARTICLE 3

22 FINDINGS

23 The member states find that:

24 (1) corporate giveaways are among the least effective
25 uses of taxpayer dollars to create and maintain jobs;

26 (2) local and state leaders are in a prisoners' dilemma
27 where it is best for all to create a level playing field for
28 all employers without any corporate giveaways, but each level
29 of government has an incentive to subsidize a company, which
30 generates a race to the bottom;

1 (3) governments should attract and retain companies
2 based on general conditions (including, but not limited to,
3 modern infrastructure, an educated workforce, a clean
4 environment and a favorable tax and regulatory climate) that
5 are not based on a specific grant for a particular company;

6 (4) corporate giveaways fuel business inequality as only
7 the largest businesses receive the vast majority of these
8 funds;

9 (5) a reasonable first step in phasing out corporate
10 giveaways is an anti-poaching agreement among state
11 governments prohibiting state company-specific tax incentives
12 and state company-specific grants as an inducement for
13 entities to relocate existing facilities; and

14 (6) creating a national board of gubernatorial
15 appointees charged with finding consensus around improvements
16 to this compact over time in a phased approach will assist
17 states in escaping from the prisoners' dilemma and
18 implementing a level playing field for all employers.

19 ARTICLE 4

20 POACHING PROHIBITION

21 Each member state is prohibited from offering or providing
22 any company-specific tax incentive or company-specific grant to
23 any entity for a corporate headquarters, manufacturing facility,
24 office space or other real estate development located in any
25 other member state as an inducement for the corporate
26 headquarters, manufacturing facility, office space or other real
27 estate development to relocate to the offering member state.

28 ARTICLE 5

29 EXCLUSIONS

30 The following are not subject to this compact:

1 (1) Workforce development grants that train employees.

2 (2) Company-specific tax incentives or company-specific
3 grants from local governments.

4 (3) State company-specific tax incentives or state
5 company-specific grants to entities with corporate
6 headquarters, office space, manufacturing facilities or real
7 estate developments already located within its own state with
8 the goal to keep within the member state or expand within the
9 member state the in-state facility or development.

10 ARTICLE 6

11 WITHDRAWAL

12 Any member state may withdraw from this compact with six
13 months' written notice to the chief executive officer of every
14 other member state to the compact.

15 ARTICLE 7

16 ENFORCEMENT

17 The attorney general of each member state shall enforce this
18 compact. A taxpaying resident of any member state has standing
19 in the courts of any member state to require the attorney
20 general of that member state to enforce this compact.

21 ARTICLE 8

22 BOARD

23 The Phase Out Corporate Giveaways Board is established upon
24 the second member state entering into this compact. Each chief
25 executive officer of each member state shall appoint one member
26 to the Board. The Board shall accept appointees from non-member
27 states that wish to appoint a member of the Board. The purpose
28 of the Board is to publish suggested revisions to this compact
29 in December of every year to continue to phase out those forms
30 of corporate giveaways that the Board finds reasonable to

1 include as suggested revisions to the compact for member states
2 to consider implementing. The Board shall convene at least
3 annually, elect officers from its membership, establish rules
4 and procedures for its governance and publish a report in
5 December of every year that includes suggested revisions and
6 improvements to this compact. The Board shall collect testimony
7 from all interested parties, including organizations and
8 associations representing state legislators, taxpayers and
9 subject matter experts, on how the compact can be improved and
10 strengthened.

11 ARTICLE 9

12 CONSTRUCTION AND SEVERABILITY

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

27 Section 3. When and how compact becomes operative.

28 (a) General rule.--When the Governor executes the Phase Out
29 Corporate Giveaways Interstate Compact on behalf of this State
30 and files a verified copy thereof with the Secretary of the

1 Commonwealth and when the compact is ratified by one or more
2 other states and the District of Columbia, then the compact
3 shall become operative and effective between this State and such
4 other state or states. The Governor is hereby authorized and
5 directed to take such action as may be necessary to complete the
6 exchange of official documents between this State and any other
7 state and the District of Columbia ratifying the compact.

8 (b) Notice in Pennsylvania Bulletin.--The Secretary of the
9 Commonwealth shall transmit a notice to the Legislative
10 Reference Bureau for publication in the Pennsylvania Bulletin
11 when the conditions set forth in subsection (a) are satisfied
12 and shall include in the notice the date on which the compact
13 became effective and operative between this State and any other
14 state or states and the District of Columbia in accordance with
15 this act.

16 Section 4. Compensation and expenses of Phase Out Corporate
17 Giveaways Board member.

18 The Phase Out Corporate Giveaways Board member who represents
19 this State, as provided for in Article 8 of the Phase Out
20 Corporate Giveaways Interstate Compact, shall not be entitled to
21 any additional compensation for the member's duties and
22 responsibilities as a member, but shall be entitled to
23 reimbursement for reasonable expenses actually incurred in
24 connection with member's duties and responsibilities as a
25 member.

26 Section 5. Effective date.

27 This act shall take effect in 60 days.