

**INTERSTATE COMPACT FOR ECONOMIC DEVELOPMENT**

2020 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Marc K. Roberts**

Senate Sponsor: \_\_\_\_\_

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**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 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

**63N-2-905**, Utah Code Annotated 1953

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

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

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

**63N-2-901. Title.**

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

(2) The Interstate Compact for Mutually Beneficial Economic Development described in this part is effective only after no fewer than 50 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) "Commission" means the Interstate Economic Development Commission created in Section **63N-2-904**.

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

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

(4) "Council" means the Interstate Economic Development Council created for each compacting state in Section **63N-2-905**.

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

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

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

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

(i) money, property, or other assets;

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

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

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

(c) "Targeted subsidy" does not include:

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

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

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

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

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

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

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

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

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

(D) the reduction or repeal of special taxes, assessments, or fees that, if not reduced or repealed, would otherwise subject specific individuals, entities, or classes of individuals or entities to taxation, assessments, or fees in excess of those imposed generally and uniformly; or

(iii) a workforce development grant.

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Each member of the commission attending any meeting of the commission is 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 U.S. District Court for the District of Columbia, the federal  
156 district in which the commission has its principal offices, or a federal district court where the  
157 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.