

JAN 15 2020

A BILL FOR AN ACT

RELATING TO THE INTERSTATE COMPACT PROHIBITING COMPANY-SPECIFIC
SUBSIDIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to eliminate
2 company-specific subsidies through means of joint and
3 cooperative action among the compacting states.

4 SECTION 2. The Hawaii Revised Statutes is amended by
5 adding a new chapter to be appropriately designated and to read
6 as follows:

7 **"CHAPTER**

8 **INTERSTATE COMPACT PROHIBITING COMPANY-COMPANY SPECIFIC**

9 **SUBSIDIES**

10 § -1 **Short title; purpose.** This law shall be known and
11 cited as the Interstate Compact Prohibiting Company-Specific
12 Subsidies. The purpose of this compact is to eliminate company-
13 specific subsidies in cooperation with compacting states.

14 § -2 **Definitions.** As used in this compact:

15 "Board" means the board of compact administrators
16 established by this compact.



1 "Bylaws" means those bylaws established by the board for
2 its governance or for directing or controlling the board's
3 actions or conduct.

4 "Compacting state" means any state that has enacted this
5 compact legislation and that has not withdrawn or been
6 terminated pursuant to section -5.

7 "Company" means any proprietorship, partnership,
8 corporation, or limited liability company.

9 "Company-specific subsidy" means a company-specific tax
10 incentives, including any change in the general tax rate or
11 valuation offered or presented by the State to a specific
12 company that is not available to other similarly situated
13 companies and company-specific grants, including any
14 disbursement of funds, property, cash, or deferred tax liability
15 offered by the State to a specific company. "Company-specific
16 subsidy" shall not include workforce-development grants that
17 provide funds for the purpose of training employees.

18 § -3 **Terms of the compact.** (a) The compacting states
19 hereby create and establish a compact to prohibit all company-
20 specific subsidies. The compacting states shall not provide any
21 company-specific subsidy to any company whose headquarters,



1 manufacturing facilities, office space, or other real estate
2 developments are located in their state or to incentivize any
3 company to locate their headquarters, manufacturing facilities,
4 office space, or other real estate developments in their state.

5 (b) Existing company-specific subsidies shall not be
6 prohibited by this compact; provided that any modifications to
7 the terms of any existing company-specific subsidy shall be
8 considered a new company-specific subsidy and shall not be
9 permitted under the terms of the compact.

10 § -4 Establishment of the board. (a) For the purposes
11 of administering the provisions of this compact and to serve as
12 a governing body for the resolution of all matters relating to
13 the operation of this compact, a board of compact administrators
14 is established. The board shall be composed of one
15 representative from each of the compacting states, who shall be
16 known as the compact administrator. The compact administrator
17 shall be appointed by the governor of each participating state
18 and shall serve and be subject to removal in accordance with the
19 laws of the state the compact administrator represents. A
20 compact administrator may provide for the discharge of the
21 compact administrator's duties and the performance of the



1 compact administrator's function as a board member by an
2 alternate. An alternate shall not be entitled to serve unless
3 written notification of the alternate's identity has ben given
4 to the board.

5 (b) The board shall convene at least once annually and
6 shall be responsible for collecting testimony from interested
7 parties including but not limited to compacting states,
8 organizations and associations representing state legislators,
9 taxpayers, and subject matter experts on how the compact can be
10 improved and strengthened.

11 (c) Each member of the board shall be entitled to one
12 vote. No action of the board shall be binding unless at a
13 meeting at which a majority of the total number of the board's
14 votes are cast in favor thereof. Action by the board shall be
15 only at a meeting at which a majority of the compacting states
16 are represented.

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

19 (e) The board shall adopt bylaws not inconsistent with the
20 provisions of this compact or the laws of a compacting state for



1 the conduct of its business and shall have the power to amend
2 and rescind its bylaws.

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

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

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

17 **§ -5 Entry into compact; withdrawal and termination.**

18 (a) This compact shall become effective when it is adopted in a
19 substantially similar form by two or more states.

20 (b) Entry into the compact shall be made by resolution of
21 ratification executed by the authorized officials of the



1 applying state and submitted to the chair of the board. The
2 resolution shall substantially be in the form and content as
3 provided in the compact manual and shall include the following:

- 4 (1) A citation of the authority from which the state is
5 empowered to become a party of this compact; and
- 6 (2) An agreement of compliance with the terms and
7 provisions of this compact.

8 The effective date of entry shall be specified by the
9 applying state but shall not be less than sixty days after
10 notice has been given to the chair of the board.

11 (c) A compacting state may withdraw from participating in
12 this compact by official written notice to each participating
13 state, but withdrawal shall not become effective until ninety
14 days after the notice of withdrawal is given. The notice shall
15 be directed to the compact administrator of each compacting
16 state. No withdrawal of any state shall affect the validity of
17 this compact as to the remaining participating states.

18 (d) If the board determines that any compacting state has
19 at any time violated any of the terms or bylaws of the compact,
20 the board, after notice and hearing as set forth in the bylaws,



1 may terminate the state from the compact if a willful violation
2 has been found.

3 § -6 Amendments to the compact. (a) This compact may
4 be amended from time to time. Amendments shall be presented in
5 resolution form to the chair of the board and shall be initiated
6 by one or more participating states.

7 (b) Adoption of an amendment shall require endorsement by
8 all participating states and shall become effective thirty days
9 after the date of the last endorsement.

10 § -7 Construction and severability. This compact shall
11 be liberally construed so as to effectuate the purposes stated
12 herein. The provisions of this compact shall be severable and
13 if any phrase, clause, sentence, or provision of this compact is
14 declared to be contrary to the constitution of any compacting
15 state or the United States, or the applicability thereof to any
16 government, agency, individual, or circumstance is held invalid,
17 the validity of the remainder of this compact shall not be
18 affected thereby. If this compact shall be held contrary to the
19 constitution of any compacting state, the compact shall remain
20 in full force and effect as to the remaining states and the
21 compacting state affected as to all severable matters.



S.B. NO. 2003

1 § -8 Administration; expenses. (a) The comptroller of
 2 the State of Hawaii shall furnish to the appropriate authorities
 3 of the compacting states any information or documents reasonably
 4 necessary to facilitate the administration of this compact.

5 (b) The compact administrator from this State shall not be
 6 entitled to any additional compensation for their service but
 7 may be eligible for reimbursement for expenses incurred in
 8 connection with the compact administrator's responsibilities as
 9 a compact administrator in the same manner as expenses incurred
 10 in connection with other responsibilities of the compact
 11 administrator's office."

12 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: *Paul Rhoads*
~~*SC. Keith-...*~~
[Signature]
[Signature]



S.B. NO. 2003

Report Title:

Interstate Compact Prohibiting Company-specific Subsidies

Description:

Enacts and enters into the Interstate Compact Prohibiting Company-Specific Subsidies.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

