

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO TAXATION - AGREEMENT TO PHASE OUT CORPORATE INCENTIVES
COMPACT ACT

Introduced By: Senators Bell, Kallman, Gu, and DiMario

Date Introduced: February 16, 2023

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 71

4 AGREEMENT TO PHASE OUT CORPORATE INCENTIVES COMPACT ACT

5 **44-71-1. Membership.**

6 Any state of the United States and the District of Columbia may become a member of this
7 agreement/compact by enacting this agreement in substantially the following form.

8 **44-71-2. Definitions.**

9 As used in this chapter:

10 (1) "Facility" means, but is not limited to, a headquarters, warehouse, outlet, affiliate,
11 office, or production facility of a company.

12 (2) "Party state" means a state that has enacted a statute agreeing to this compact.

13 (3) "Political subdivision" means governmental branches, departments, agencies, counties,
14 municipalities, special districts, as well as other governmental entities and quasi-governmental
15 entities created by the authorization of law.

16 (4) "Subsidy" means an economic benefit, direct or indirect, granted by a state government
17 or any political subdivision, including, but not limited to, direct grants, tax consideration, favorable
18 bonding status, special district status, or any other benefit that has the effect of reducing

1 governmental costs for a venture or class of ventures compared to others similarly situated, with
2 the primary purpose or substantial effect of encouraging or maintaining within a state or political
3 subdivision's borders particular or specific classes of ventures in which private persons have a
4 substantial financial or ownership interest.

5 **44-71-3. Anti-poaching prohibition.**

6 When two (2) or more states have passed and signed the compact, the party state
7 governments, or any political subdivision, shall not give a subsidy to a private enterprise for the
8 purpose of selectively supporting a specific industry or company, or to entice a specific industry or
9 company to relocate an existing facility from one party state to another party state or open a new
10 facility.

11 **44-71-4. Compact administrator and exchange of information.**

12 (1) The governor of each party state or the governor's designee is the compact
13 administrator.

14 (2) The compact administrator of each party state shall maintain an accurate list of all party
15 states.

16 (3) The compact administrator of each party state shall furnish to the compact administrator
17 of each other party state any information or documents that are reasonably necessary to facilitate
18 the administration of this compact.

19 **44-71-5. Enforcement.**

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

23 **44-71-6. Construction and severability.**

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

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO TAXATION - AGREEMENT TO PHASE OUT CORPORATE INCENTIVES
COMPACT ACT

- 1 This act would establish a compact agreement among at least two (2) states to prohibit the
- 2 selective use of subsidies to an existing specific industry or company, entice relocation from one
- 3 state to another state or to open a new facility.
- 4 This act would take effect upon passage.

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