

HOUSE No. 528

The Commonwealth of Massachusetts

PRESENTED BY:

Paul W. Mark

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to establish an agreement for best practices in economic development.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Paul W. Mark</i>	<i>2nd Berkshire</i>	<i>2/19/2021</i>

HOUSE No. 528

By Mr. Mark of Peru, a petition (accompanied by bill, House, No. 528) of Paul W. Mark for legislation to to establish an interstate compact for best practices in economic development. Economic Development and Emerging Technologies.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act to establish an agreement for best practices in economic development.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Notwithstanding any law to the contrary, this Act may be cited as the Agreement for Best
2 Practices in Economic Development.

3 The Agreement for Best Practices in Economic Development Act is hereby enacted into
4 law and entered into with any state or the District of Columbia which legally joins in
5 substantially the following form:

6 Section 1: Membership

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

9 Section 2: Definitions

10 “Best practices” means the policies, procedures and laws that have been demonstrated to
11 support the most amount of economic growth with the least amount of taxpayer investment.

12 “Board” means the Board for Best Practices in Economic Development that shall be
13 established by the Member States. Non-voting membership shall also be open to any city,
14 county, metropolitan planning organization or economic development agency under terms
15 established by the Board.

16 “Company-specific grant” is any disbursement of funds via property, cash or deferred tax
17 liability by the state government to a particular company.

18 “Company-specific tax incentive” is any change in the general tax rate or valuation
19 offered or presented to a specific company that is not available to other similarly-situated
20 companies.

21 “Corporate giveaway” means any company-specific or industry-specific disbursement of
22 funds via property, cash or deferred or reduced tax liability by a state or local government to a
23 particular company or industry.

24 “Located in any other Member State” means any corporate headquarters, office space,
25 manufacturing facility or other real estate development that is physically located in another
26 Member State, whether or not the company has other property in the Member State.

27 “Member State” means any state or the District of Columbia that has enacted a statute
28 agreeing to this compact.

29 “Non-voting members” means any state, city, county, metropolitan planning organization
30 or economic development agency that wishes to join the Board. Such non-voting Members may
31 not appoint a voting member to the Board for governance purposes.

32 Section 3: Findings

33 The Member States find that:

34 Corporate giveaways are among the least effective uses of taxpayer dollars to create and
35 maintain jobs;

36 Local and state leaders are in a prisoners' dilemma where it is best for all to create a level
37 playing field for all employers without any corporate giveaways, but each level of government
38 has an incentive to subsidize a company, generating a race to the bottom;

39 Governments should attract and retain companies based on general conditions (including
40 but not limited to modern infrastructure, an educated workforce, a clean environment, and a
41 favorable tax and regulatory climate), not based on a specific grant for a particular company;

42 Corporate giveaways fuel business inequality as only the largest businesses receive the
43 vast majority of these funds;

44 Entrepreneurs and firms have legitimate needs in determining their optimal site selection
45 plans for growth and providing all relevant information to decision-makers is among the most
46 important tasks for economic development officials;

47 Despite enormous amounts of publicly-generated data and federally-required planning
48 reports from several different agencies, it is still too difficult for entrepreneurs and firms to
49 access relevant, actionable information to assist them in their planning decisions;

50 State and local agencies tasked with economic development would benefit from a shared
51 resource devoted to discovering and disseminating best practices to help officials implement
52 policies and programs that benefit all firms and entrepreneurs equally rather than rely on
53 company-specific giveaways that only benefit a few;

54 A Board for Best Practices in Economic Development charged with finding consensus
55 around best practices in economic development for states and local agencies to consider
56 implementing in a collaborative manner over time will assist state and local governments in
57 escaping from the prisoners' dilemma of company-specific tax expenditures and implementing a
58 level playing field for all employers.

59 Section 4: National Board for Best Practices in Economic Development

60 A National Board for Best Practices in Economic Development is established by this
61 Agreement. Each Chief Executive Officer of each Member State shall appoint three members to
62 the Board. Legislators may be members.

63 The Board shall accept non-voting members from non-Member States and from any city,
64 county, metropolitan planning organization or economic development agency that wishes to join
65 the Board under the terms established by the Board.

66 The purpose of the Board is to publish and disseminate best practices in economic
67 development to move away from company-specific tax expenditures and towards collaborative
68 policies that equally assist all firms, communities and entrepreneurs. The Board shall consider
69 establishing shared resources, including data standards, databases of public assets, workforce
70 development programs and available properties and sites to assist entrepreneurs and firms with
71 their site selection decision-making. The Board shall accept and publish all planning and
72 economic development reports submitted to it by Member States and non-voting members. All
73 products and resources of the Board shall be public and published.

74 The Board may accept donations, either monetary or in-kind, from any party. The Board
75 may publish a schedule of dues for Member States and non-voting members.

76 The Board shall also suggest revisions to this agreement in December of every year to
77 strengthen the Agreement for Member and non-Member states to consider that could bind
78 Member States towards evidence-based economic development policies and avoid company-
79 specific tax expenditures.

80 The Board shall convene (either remotely or in-person) at least annually, elect officers
81 from its membership, establish rules and procedures for its governance and publish a report in
82 December of every year that includes suggested revisions and improvements to this agreement.

83 The Board shall collect and publish testimony from all interested parties, including
84 academic experts, employers, organizations and associations representing state legislators,
85 governors, counties, cities, metropolitical planning organizations and economic development
86 agencies and other subject matter experts on how to improve economic development and how to
87 strengthen this agreement.

88 Section 5: Anti-poaching prohibition

89 Each Member State is prohibited from offering or providing any company-specific tax
90 incentive or company-specific grant to any entity for a corporate headquarters, manufacturing
91 facility, office space or other real estate development located in any other Member State as an
92 inducement for the corporate headquarters, manufacturing facility, office space or other real
93 estate development to relocate to the offering Member State.

94 Section 6: Exclusions

95 Workforce development grants that train employees are not subject to this agreement.
96 Company-specific tax incentives or company-specific grants from local governments are not

97 subject to this agreement, except the transparency requirements do apply to local governments.
98 State company-specific tax incentives or state company-specific grants to entities for corporate
99 headquarters, office space, manufacturing facilities or real estate developments located within its
100 own state are not subject to this agreement.

101 Section 7: Transparency

102 All proposed and effective economic development agreements from any jurisdiction in
103 any Member State by any unit of government shall be subject to the Member State's Freedom of
104 Information Act. No unit of government may enter into any economic development agreement
105 that involves any company-specific grant or company-specific tax incentive with any company
106 that is not public and subject to the Member State's Freedom of Information Act.

107 Section 8: Data and report sharing

108 Each Member State shall provide to the Board electronic copies of all economic
109 development and planning reports already generated as part of federal or state programmatic
110 activities to assist the Board in compiling and publishing a national shared resource for economic
111 development data.

112 Section 9: Withdrawal

113 Any Member State may withdraw from this agreement with six months notice and shall
114 do so in writing to the chief executive officer of every other Member State to the agreement.

115 Section 10: Enforcement

116 The chief law enforcement officer of each Member State shall enforce this compact.

117 Section 11: Construction and severability

118 This compact shall be liberally construed so as to effectuate its purposes.

119 If any phrase, clause, sentence or provision of this compact, or the applicability of any
120 phrase, clause, sentence or provision of this compact to any government, agency, person or
121 circumstance is declared in a final judgment by a court of competent jurisdiction to be contrary
122 to the constitution of the United States or is otherwise held invalid, the validity of the remainder
123 of this compact and the applicability of the remainder of this compact to any government,
124 agency, person or circumstance shall not be affected.

125 If this compact is held to be contrary to the constitution of any Member State, the
126 compact shall remain in full force and effect as to the remaining Member States and in full force
127 and effect as to the affected Member State as to all severable matters.