

**ALEC EXPOSED**

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations--includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

**ALEC's Corporate Board**  
--in recent past or present

- AT&T Services, Inc.
  - centerpoint360
  - UPS
  - Bayer Corporation
  - GlaxoSmithKline
  - Energy Future Holdings
  - Johnson & Johnson
  - Coca-Cola Company
  - PhRMA
  - Kraft Foods, Inc.
  - Coca-Cola Co.
  - Pfizer Inc.
  - Reed Elsevier, Inc.
  - DIAGEO
  - Peabody Energy
  - Intuit, Inc.
  - Koch Industries, Inc.
  - ExxonMobil
  - Verizon
  - Reynolds American Inc.
  - Wal-Mart Stores, Inc.
  - Salt River Project
  - Altria Client Services, Inc.
  - American Bail Coalition
  - State Farm Insurance
- For more on these corporations, search at [www.SourceWatch.org](http://www.SourceWatch.org).

**DID YOU KNOW?** Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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**A Resolution Supporting Congressional Action to Affirm State Authority over Tax Incentives and Economic Development**

**Background**

The value of state tax incentives has always been a matter of vigorous debate. Do state tax incentives encourage job creation and investment that otherwise would not occur or are they merely a form of corporate welfare? Historically, this debate has taken place among elected legislators in state capitols; however, a recent Federal Appeals Court decision paves the way for state tax policy to be decided, not in state Legislatures, but in the Federal court system.

In September 2004, a three judge panel for the 6th U.S. Circuit Court of Appeals struck down Ohio's program that provides manufacturers tax credits for new machinery and equipment used in Ohio. Under the auspices of the "Dormant Commerce Clause Doctrine" the Federal Court declared that the Investment Tax Credit (ITC) program violated the Constitution by penalizing companies that may want to develop business outside Ohio. This Court's decision, while limited to the four states in the 6th Circuit (KY, MI, OH, and TN), has far-reaching implications and paves the way for other Federal courts to dictate state tax policy and thus remove the decision from the hands of elected state lawmakers.

In response to the 6th Circuit's opinion Federal legislation was introduced in the 109th Congress that seeks to ensure that state Legislatures retain the authority to decide whether to offer economic development incentives. From a federal perspective, the question is not whether economic development incentives work. Rather, the question is whether state Legislatures or Federal courts should decide state tax policy.

**Model Legislation**

**WHEREAS**, the American Legislative Exchange Council's (ALEC) mission is to promote the principles of federalism and support policies that give states flexibility to shape public policy, and;

**WHEREAS**, ALEC has a longstanding policy that the federal government should not unduly interfere with the ability of states to structure competitive tax systems, and;

**WHEREAS**, ALEC has long promoted broad-based, low rate state tax systems as a matter of tax policy, and;

**WHEREAS**, states nevertheless use a variety of tools to encourage and promote economic development and job creation within their borders for the betterment of their citizens, and;

**WHEREAS**, non-discriminatory tax incentives available to any in-state investor are an important tool for competition and economic development and should be debated as a matter of policy, not constitutional law, and;

**WHEREAS**, the Cuno v. DaimlerChrysler case is an example of the federal government, through its court system, improperly preempting state authority and inappropriately restricting and usurping the taxing powers of state government, and;

**WHEREAS**, similar lawsuits have been filed in other States, and;

**WHEREAS**, federal legislation has been introduced in the 109th Congress to affirm the authority of states to offer tax incentives for economic development purposes if they so choose;

**NOW THEREFORE BE IT RESOLVED**, that the American Legislative Exchange Council supports congressional efforts to affirm state authority and sovereignty over such non-discriminatory economic development tools.

Did you know that the Evergreen Freedom Foundation--which is connected to the Kochs--was the corporate co-chair in 2011?

**About Us and ALEC EXPOSED.** The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish [www.PRWatch.org](http://www.PRWatch.org), [www.SourceWatch.org](http://www.SourceWatch.org), and now [www.ALECexposed.org](http://www.ALECexposed.org). For more information contact: [editor@prwatch.org](mailto:editor@prwatch.org) or 608-260-9713.