

House File 417

HOUSE FILE
BY T. TAYLOR

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved

A BILL FOR

1 An Act prohibiting a state agency from awarding state contracts
2 or assistance to persons performing work outside the United
3 States and providing for related matters.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1520HH 81
6 ec/gg/14

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1 1 Section 1. NEW SECTION. 73A.22 OUTSOURCING BY STATE
1 2 AGENCIES PROHIBITED.
1 3 1. a. A state department, institution, or agency, or any
1 4 board member, commissioner, director, manager, or other person
1 5 connected with any such department, institution, or agency,
1 6 shall not award a contract or provide developmental assistance
1 7 to a person for a contract or subcontract for services to be
1 8 performed outside the boundaries of the United States. In
1 9 addition, a person submitting a bid or contract to provide
1 10 services or an application for developmental assistance shall
1 11 certify that the services covered by the bid, contract, or
1 12 developmental assistance will be performed in the United
1 13 States.
1 14 b. For purposes of this section, "developmental
1 15 assistance" means any form of public assistance, including tax
1 16 expenditures, made for the purpose of stimulating the economic
1 17 development of a corporation, industry, geographic
1 18 jurisdiction, or any other sector of the state's economy,
1 19 including but not limited to industrial development bonds,
1 20 training grants, loans, loan guarantees, enterprise zones,
1 21 empowerment zones, tax increment financing, fee waivers, land
1 22 price subsidies, infrastructure constructed or improved for
1 23 the benefit of a single business or defined group of
1 24 businesses at the time it is built or improved, matching
1 25 funds, tax abatements, tax credits and tax discounts of every
1 26 kind, including corporate franchise, personal income, sales
1 27 and use, raw materials, real property, job creation,
1 28 individual investment, excise, utility, inventory, accelerated
1 29 depreciation, and research and development tax credits and
1 30 discounts.
1 31 2. Any contract or developmental assistance awarded shall

1 32 provide that if, during the life of the contract, the vendor,
1 33 contractor, subcontractor, or developmental assistance
1 34 recipient shifts the performance of services funded under the
1 35 contract to be performed outside the boundaries of the United
2 1 States, the contract or developmental assistance shall be
2 2 terminated and the person awarded the contract or the
2 3 developmental assistance recipient shall forfeit penalties to
2 4 the state agency in an amount equal to the amount paid by the
2 5 state agency for the percentage of work that was performed
2 6 with workers outside the United States.

2 7 3. A state department, institution, or agency may enforce
2 8 its rights under this section by instituting a civil action in
2 9 district court in this state. In addition, a state
2 10 department, institution, or agency shall not award a contract
2 11 or provide developmental assistance to any person that
2 12 violates this section for a period of five years after the
2 13 date of the violation.

2 14 EXPLANATION

2 15 This bill prohibits state entities from awarding a contract
2 16 or providing developmental assistance to a person for services
2 17 to be performed outside the United States. In addition, the
2 18 bill requires a person seeking a contract or developmental
2 19 assistance to certify that the services covered by the
2 20 contract or assistance will be provided in the United States.
2 21 The bill defines "developmental assistance" as any form of
2 22 public assistance, including tax incentives, grants, or other
2 23 subsidies.

2 24 The bill provides that a person violating this new
2 25 provision shall have their contract or developmental
2 26 assistance terminated and shall forfeit penalties to the
2 27 applicable state entity in an amount equal to the amount paid
2 28 by the state agency based upon the percentage of the work
2 29 performed overseas. The bill grants state entities the right
2 30 to enforce their rights in district court and provides that a
2 31 person violating this provision shall be prohibited from
2 32 receiving a state contract or developmental assistance for
2 33 five years.

2 34 LSB 1520HH 81

2 35 ec:nh/gg/14