

NEW STATE LAWS PASSED ON OFFSHORE OUTSOURCING – 2005

California – AB 1741 prohibits voter information from being sent outside the United States. Signed by Governor on July 25, 2005.

Colorado – HB 1307 provides an in-state preference for agricultural products and prohibits Governor from binding state on future trade agreements. Signed by Governor on June 7, 2005.

Illinois – S 1723 provides a preference of items manufactured in the United States for procurement purposes. Signed by Governor on August 10, 2005.

Maryland – HB 514 prohibits Governor from binding state on future trade agreements. Legislature voted to override Governor's veto of bill on April 11, 2005.

***New Jersey** – S 494 prohibits state contract work from being performed outside the United States. Signed by Governor on May 5, 2005. *Note: This law represents the most restrictive anti-outsourcing legislation in the nation.*

North Carolina – HB 800 requires a vendor submitting a bid to disclose “where services will be performed under the contract,” including performance outside the United States. Signed by Governor July 7, 2005.

North Dakota – H 1091 provides an in-state preference on equal bids on state contracts. Signed by Governor on March 30, 2005.

New Laws Requiring Studies or Commissions

Maine – LD 47 requires “the necessity of collecting information on the State’s contracting and outsourcing practices.” Signed by Governor May 12, 2005.

New Jersey – AR 184 The resolution creates the "Outsourcing and Offshoring Commission" to, among other things, “study ways to reduce outsourcing and off-shoring in the State.” Resolution adopted July 6, 2005.

Washington – CR 8407 establishes a far-reaching joint task force for the study of offshore outsourcing. Adopted on April 24, 2005.

Source: National Foundation for American Policy

2005: Summary List of States with Proposed Legislation Restricting Outsourcing

As of October 2005 there were 127 bills in 40 states to restrict outsourcing in 2005. Below are states with legislation in 2005.

- Alabama** (health care data transfer restrictions)
Arizona (state contract ban on overseas work, call center restrictions)
California (requires disclosure of location of work on state contracts, in-state preference)
Colorado (state contract ban on overseas work, health care data transfer restrictions)
Connecticut (state contract ban, call center, personal data and health care info. restrictions, development assistance restriction for outsourcing companies, in-state preference, 90-day notice for transferring 25% of workforce)
Florida (call center and health care/data restrictions, report on location of state work)
Georgia (call center restrictions on state contracts)
Hawaii (state contract ban on overseas work, in-state hiring preference, development assistance restriction for outsourcing companies)
Idaho (state contract ban)
Illinois (health care data transfer restriction, call center restrictions)
Indiana (state contract ban on overseas work)
Iowa (state contract ban, call center restrictions)
Kansas (call center restrictions)
Maine (state contract ban on overseas work)
Maryland (state contract ban, trade agreement restriction)
Massachusetts (state contract ban)
Michigan (in-state preference)
Minnesota (state contract ban, data transfer and call center restrictions, reporting terminations)
Mississippi (state contract ban on overseas work, call center restrictions)
Missouri (state contract ban on overseas work, call center restrictions, in-state preference)
Montana (state contract ban on overseas work)
Nebraska (state contract ban on overseas work, health care data transfer restrictions, in-state preference)
Nevada (data transfer restrictions)
New Hampshire (state contract ban, development assistance restriction for outsourcing companies, in-state preference)
New Jersey (state contract ban on overseas work, call center restrictions)
New Mexico (data restrictions)
New York (state contract ban, development assistance restriction for outsourcing companies, notification to workers of outsourcing)
North Carolina (disclosure if state contract work offshore)
North Dakota (state contract restriction, in-state preference)
Ohio (state contract ban on overseas work, outsourcing compensation fund for employees)
Oklahoma (state contract ban)
Oregon (state contract ban, call center restrictions, report, trade agreement restrictions)
Pennsylvania (no job transfers overseas without board approval, state contract ban, report)
Rhode Island (state contract ban)
South Carolina (in-state preference)
Texas (state contract ban on overseas work, health care data transfer restrictions)
Utah (in-state preference)
Virginia (state contract ban)
Washington (state contract ban)
West Virginia (call center restrictions, state contract and development assistance restriction for outsourcing companies)
Wisconsin (state contract ban)

Source: National Foundation for American Policy. *Note: A “state contract ban” refers to a bill that would prohibit work on state contracts to be performed overseas or by individuals not authorized to work in the U.S. Call center restrictions refer to bills that mandate operators identify their location in some manner. Health care and data transfer restrictions refer to bills that would either ban or require an “opt-in” for data to be processed outside of the U.S. Trade agreement restriction refers to mandate that state not be party to international trade agreements on procurement.*

RECAP OF 2004 STATE ACTION RELATED TO OUTSOURCING

- More than 200 bills were introduced in 40 states to restrict offshore outsourcing in 2004. In 2003, the total was four bills in four states.
- Five bills related to restricting offshore outsourcing or global sourcing became law in 2004.
- Governors vetoed bills in California (5 bills), Maryland (1), and Massachusetts (1) in 2004.
- Governors issued executive orders or directives in 2004 in Alaska, Arizona (procurement policy memo), Florida, Michigan, Minnesota, Missouri, New Jersey, North Carolina, and Ohio (procurement policy memo).

NEW STATE LAWS PASSED ON OFFSHORE OUTSOURCING – 2004

Alabama - Senate Joint Resolution 63 (public law 2004-234; introduced April 8, 2004). A resolution that encourages state and local entities to use Alabama-based professional services. Does not restrict or place mandates on procurement decisions.

Colorado - House Bill No. 1373 (signed by Governor June 4, 2004). Agencies can contract for personal services performed outside the United States if it is clearly demonstrated that there will be no reduction in the quality of services offered and contracts contain confidentiality and right to privacy safeguards.

Indiana - House Bill No. 1080 (signed by Governor 3/17/04). Provides price preferences between 1 and 5% for Indiana companies in the awarding of state contracts.

North Carolina – House Bill No. 1414 (signed by Governor July 21, 2004). Preference for North Carolina or U.S. products and services within bounds of federal law “provided, however, that in giving such preference no sacrifice or loss in price or quality shall be permitted.”

Tennessee - Senate Bill No. 2344 (signed by Governor 5/10/04). Requires the commissioner of finance and administration to authorize, through regulation, “a preference in the evaluation of proposals for state contracts requiring the performance of data entry and/or call center services for vendors for whom such services will be solely provided by citizens of the United States who reside within the United States.”

Source: National Foundation for American Policy. Legislative texts on NFAP web site.

BILLS VETOED BY GOVERNORS – 2004

California – On September 30, 2004, Governor Schwarzenegger vetoed 5 bills: S.B. 888 (state contract ban on homeland security related work offshore), S.B. 1451 (prohibits sharing of privacy information in violation of CA law), A.B. 1829 (state contract ban on overseas work), A.B. 2715 (disclose location of call center upon request), and A.B. 3021 (report location of employees and hired contractors).

Maryland – On May 25, 2004, Governor Ehrlich vetoed H.B. 183 (allowed consideration of whether work would be done outside U.S. in awarding state contracts).

Massachusetts – On June 25, 2004, Governor Romney vetoed Section 21 of H.B. 4850 (would have prohibited services of a privatization contract from being performed outside U.S.).

EXECUTIVE ORDERS ON OFFSHORE OUTSOURCING – ISSUED 2004

Alaska

Arizona (procurement policy memo issued on April 9, 2004)

Florida

Michigan

Minnesota

Missouri

New Jersey

North Carolina

Ohio (procurement policy memo issued on June 1, 2004)

Source: National Foundation for American Policy. Note: NFAP web site maintains texts of executive orders