

# National Foundation for American Policy

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## Summary of States with New/Proposed Laws Restricting Outsourcing

### 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.”

### 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 (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)

*Note: NFAP web site maintains texts of executive orders.*

## **PROPOSED OUTSOURCING LEGISLATION – 2004 (40 states)**

**Alabama** (state contract ban on overseas work, call center restrictions)

**Arizona** (ban on state contracts with foreign call centers, call center and data transfer restrictions, ban on state contracts for foreign call centers)

**California** (state contract ban, call center, personal data and health care info. restrictions, outsourcing notification requirement)

**Colorado** (state contract ban, data transfer restrictions, ineligibility for state contracts and development assistance if outsourcing job loss)

**Connecticut** (state contract ban, call center, personal data and health care info. restrictions, development assistance restriction for outsourcing companies, ban on state contracts for call centers, in-state preference)

**Delaware** (disclosure if state contract work done offshore and 15% preference for U.S.-based work)

**Florida** (in state resident requirement for state contracts)

**Georgia** (state contract ban and call center restriction, including state contract ban on foreign call centers)

**Hawaii** (ban on state contracts with foreign call centers, call center and data restrictions)

**Idaho** (employment preference for state residents)

**Illinois** (state contract ban, in-state preference, call center restrictions)

**Indiana** (state contract ban, in-state contract preference signed into law by Governor)

**Iowa** (state contract ban, in-state preference)

**Kansas** (state contract ban, call center and data transfer restrictions)

**Kentucky** (state contract ban)

**Louisiana** (state contract ban, in-state contract preference, right to reject non-U.S. bidder)

**Maryland** (state contract ban, bill passed legislature, vetoed by Governor, to require agencies “consider” whether contract work will be done overseas)

**Massachusetts** (state contract ban)

**Michigan** (state contract ban)

**Minnesota** (state contract ban, call center restrictions, including state contract ban on foreign call centers, 90 day notice of outsourcing jobs overseas)  
**Mississippi** (state contract ban, call center restrictions)  
**Missouri** (state contract ban, data transfer and call center restrictions, including state contract ban on foreign call centers, in-state preference)  
**Montana** (state contract ban)  
**Nebraska** (state contract ban)  
**New Jersey** (state contract ban, data transfer and call center restrictions)  
**New Mexico** (state contract ban)  
**New York** (state contract ban, call center restrictions, development assistance restricted for companies that outsource overseas)  
**North Carolina** (call center restrictions, including state contract ban on foreign call centers, in-state preference became law)  
**Ohio** (state contract ban, call center and data restrictions, ineligibility for state contracts and development assistance if outsourcing job loss)  
**Oklahoma** (study)  
**Pennsylvania** (state contract ban, study, call center restrictions, Board approval for company to outsource jobs overseas)  
**Rhode Island** (state contract ban)  
**South Carolina** (call center restrictions, including state contract ban on foreign call centers )  
**South Dakota** (state contract ban)  
**Tennessee** (state contract ban, call center restrictions, bill passed legislature to give preference to U.S.-based contractors)  
**Vermont** (state contract ban and ban on state contracts for foreign call centers)  
**Virginia** (state contract ban, in-state preference)  
**Washington** (state contract ban, call center and data restrictions)  
**West Virginia** (call center restrictions, seven-year ban on state contracts and assistance to companies that outsource overseas and have 100-person job loss)  
**Wisconsin** (state contract ban, call center restrictions)

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. A table tracking the bills and the legislative texts of state and federal bills are available at the NFAP web site at <http://www.nfap.net/researchactivities/globalsourcing>. The table and bills are updated regularly.*