

FEB 23 2011
STATE GOVERNMENT

HOUSE FILE 417
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:

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HF 417

1 Section 1. NEW SECTION. 73A.22 OUTSOURCING BY STATE
2 AGENCIES PROHIBITED.

3 1. a. A state department, institution, or agency, or any
4 board member, commissioner, director, manager, or other person
5 connected with any such department, institution, or agency,
6 shall not award a contract or provide developmental assistance
7 to a person for a contract or subcontract for services to be
8 performed outside the boundaries of the United States. In
9 addition, a person submitting a bid or contract to provide
10 services or an application for developmental assistance shall
11 certify that the services covered by the bid, contract, or
12 developmental assistance will be performed in the United
13 States.

14 b. For purposes of this section, "developmental
15 assistance" means any form of public assistance, including tax
16 expenditures, made for the purpose of stimulating the economic
17 development of a corporation, industry, geographic
18 jurisdiction, or any other sector of the state's economy,
19 including but not limited to industrial development bonds,
20 training grants, loans, loan guarantees, enterprise zones,
21 empowerment zones, tax increment financing, fee waivers, land
22 price subsidies, infrastructure constructed or improved for
23 the benefit of a single business or defined group of
24 businesses at the time it is built or improved, matching
25 funds, tax abatements, tax credits and tax discounts of every
26 kind, including corporate franchise, personal income, sales
27 and use, raw materials, real property, job creation,
28 individual investment, excise, utility, inventory, accelerated
29 depreciation, and research and development tax credits and
30 discounts.

31 2. Any contract or developmental assistance awarded shall
32 provide that if, during the life of the contract, the vendor,
33 contractor, subcontractor, or developmental assistance
34 recipient shifts the performance of services funded under the
35 contract to be performed outside the boundaries of the United

1 States, the contract or developmental assistance shall be
2 terminated and the person awarded the contract or the
3 developmental assistance recipient shall forfeit penalties to
4 the state agency in an amount equal to the amount paid by the
5 state agency for the percentage of work that was performed
6 with workers outside the United States.

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

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EXPLANATION

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

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

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