Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Commerce & Labor Committee

HCR 4405

Brief Description: Creating a task force to study offshore outsourcing.

Sponsors: Representatives Hudgins, Conway, Clibborn, Wallace, Green, Appleton, Kenney, McCoy, Chase, Ormsby, Campbell, Simpson, Hasegawa, Sells, Wood and Santos.

Brief Summary of Bill

- Creates a joint task force to conduct a study of offshore outsourcing.

- Creates an advisory committee to advise and monitor the joint task force.

- Requires the joint task force to report its findings and recommendations to certain legislative committees by December 1, 2005.

Hearing Date: 2/9/05

Staff: Jill Reinmuth (786-7134).

Background:

"Offshore outsourcing" is a term sometimes used to describe the practice of contracting with individuals or companies in foreign countries to perform certain work. Both public and private entities may enter into such contracts.

According to the National Conference of State Legislatures, legislation prohibiting or otherwise restricting state agencies from entering into such contracts has been introduced in Washington and 31 other states.

Laws governing state procurement that give preference to domestic goods or prohibit purchasing foreign goods have been challenged on one or more grounds. These include arguments that such laws are: (1) invalid exercises of state power under the Foreign Commerce Clause and/or the Foreign Affairs Power; (2) preempted by federal law; or (3) in violation of international agreements on government procurement.

Summary of Bill:

A joint task force is created to conduct a study of offshore outsourcing. The 16-member joint task force consists of four legislators from each caucus of the Senate and the House of Representatives.

An advisory committee is created to advise and monitor the joint task force. The 10-member advisory committee consists of three representatives of labor, three representatives of business (including one representative of small business), one representative of the Office of the Washington State Trade Representative, one representative of an international human rights organization, one representative of an international environmental protection organization, and one representative of the public.

The study must evaluate the following issues:

- the degree to which state contracts are being performed at locations outside the United States;
- the extent to which certain procedures are adequate to protect legislative authority over state procurement;
- the applicability of trade agreements to state procurement policies;
- the compliance of signatories to such agreements with international and state child labor, environmental protection, human rights, and labor standards;
- the effects of such agreements on domestic preferences adopted by signatories to such agreements;
- the economic benefit of awarding certain state contracts to Washington companies;
- the economic impacts of performing work under certain state contracts in Washington;
- the cost to the state of retraining workers whose positions were outsourced to locations outside the United States, and issues relative to their eligibility for training benefits;
- the extent to which state contracts performed at locations outside the United States involve solicitation or disclosure of personal information; and
- the relationship between state labor market conditions and offshore outsourcing decisions.

The joint task force must report its findings and recommendations to seven legislative committees by December 1, 2005. These committees include the following: the House of Representatives Committees on Commerce & Labor; State Government, Operations & Accountability; Technology, Energy & Communications; and Economic Development, Agriculture & Trade; and the Senate Committees on Labor, Commerce, Research & Development; International Trade & Economic Development; and Government Operations & Elections.

Rules Authority: The bill does not address the rulemaking powers of an agency.

Appropriation: None.

Fiscal Note: Not requested.