
A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that state departments
2 and agencies procure services in part through contracts with
3 private vendors. Increasingly, private vendors carry out these
4 services, or subcontract or otherwise procure these services,
5 from a location outside the United States. This international
6 outsourcing exacerbates unemployment and workforce dislocation
7 and deprives Hawaii residents of job opportunities, including
8 industries and jobs on which this State has expended development
9 assistance resources to attract. International outsourcing
10 erodes state and county revenues by drawing jobs and income away
11 from the State. In addition, international outsourcing may
12 provide less privacy protections for state residents whose
13 personal information, in the course of service delivery, may be
14 transmitted to locations outside the United States.

15 The purpose of this Act is to ensure that state dollars are
16 used to create jobs within the State and to stabilize the state
17 tax base by prohibiting state departments and agencies from



1 contracting with or providing economic development assistance to
2 companies that ship work offshore.

3 SECTION 2. Chapter 103D, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§103D- _____ Contracting; overseas work prohibited;
7 certification; noncompliance; penalty; civil action. (a) This
8 section shall apply to:

9 (1) All contracts under this chapter; and

10 (2) All state-funded development assistance.

11 For the purpose of this section, "development assistance" means
12 any form of public assistance, including tax expenditures, made
13 for the purpose of stimulating economic development of a
14 corporation, industry, geographic jurisdiction, or any other
15 sector of the State's economy, including industrial development
16 bonds, training grants, loans, loan guarantees, enterprise
17 zones, empowerment zones, tax increment financing, fee waivers,
18 land price subsidies, infrastructure whose principal beneficiary
19 is a single business or defined group of businesses at the time
20 the business or businesses are built or improved, matching
21 funds, tax abatements, tax credits and tax discounts of every
22 kind, including corporate franchise, personal income, sales, and



1 compensating use, raw materials, real property, job creation,
2 individual investment, excise, utility, inventory, accelerated
3 depreciation, and research and development tax credits and
4 discounts.

5 (b) No contracting governmental body shall award a
6 contract or development assistance to a vendor, bidder,
7 contractor, subcontractor, or applicant for development
8 assistance that performs the work at a site outside of the
9 United States. Nothing in this section shall be construed to
10 supersede or replace existing requirements in place for
11 development assistant programs.

12 (c) Each vendor submitting a bid or contract to provide
13 services and all development assistance applicants shall certify
14 that the services covered by the bid, contract, or development
15 assistance shall be performed within the United States.

16 (d) If, during the term of the contract, the vendor,
17 contractor, subcontractor, or development assistance recipient
18 shifts overseas any work that is funded under the contract, the
19 contracting governmental body shall terminate the contract for
20 noncompliance. In addition, the vendor, contractor,
21 subcontractor, or development assistance recipient shall forfeit
22 penalties to the contracting governmental body in an amount



1 equal to the amount paid by the contracting governmental body
 2 for the percentage of work that was performed with workers
 3 outside the United States. Any noncompliant contractor,
 4 subcontractor, vendor, bidder, or development assistance
 5 recipient shall not be awarded any state contract or development
 6 assistance for a period of five years from the date of
 7 determination of noncompliance.

8 (e) The contracting governmental body shall be entitled to
 9 bring a civil action in state or federal court to compel
 10 enforcement under this section. The court shall award
 11 reasonable attorney's fees and costs to the contracting
 12 governmental body."

13 SECTION 3. New statutory material is underscored.

14 SECTION 4. This Act shall take effect upon its approval.

15

INTRODUCED BY: BT

[Signature]
 JAN 17 2007



Report Title:

State Contracts and Development Assistance; Bans Offshore Work

Description:

Bans State from contracting with or giving development assistance to companies that contract work offshore. Requires violating companies to repay to the State the amount paid for the percentage of work done by offshore workers. Bans violators from receiving contracts or development assistance for 5 years.

