General Assembly

February Session, 2004

House of Representatives

File No. 563

Substitute House Bill No. 5660

House of Representatives, April 13, 2004

The Committee on Finance, Revenue and Bonding reported through REP. STILLMAN of the 38th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE EXPORTING OF JOBS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective from passage*) (a) On or before January 1, 2005, and annually thereafter, any company subject to the taxes imposed under chapters 207 to 212, inclusive, of the general statutes, that had a net loss of one hundred or more employees in the state during the prior calendar year shall notify the Department of Economic and Community Development of the loss.

(b) The Department of Economic and Community Development shall prepare and send to any company that notifies the department under subsection (a) of this section a job relocation survey to be completed by the company. Such survey shall include: (1) The name and principal place of business of the company, (2) the identification of any grants or loans that the company has received from the state, (3) a statement of the number of employees in this state who lost their jobs in the preceding calendar year, (4) a statement of the number of jobs in this state that were added by such company in the preceding year, and (5) a statement of the number of jobs that were lost in this state as a result of the company outsourcing the jobs to employees located outside the United States. Such company shall complete and return the survey to the department not later thirty days after receiving it.

(c) Any person who believes that he or she lost his or her job as a result of a company outsourcing jobs to employees located outside of the United States may report such information to the Department of Economic and Community Development. The department shall maintain a record of such reports.

Sec. 2. (NEW) (*Effective from passage*) Notwithstanding any provision of the general statutes, any company that has had a net loss of one hundred or more employees in this state during the prior calendar year, and such loss was caused by the relocation of one hundred or more jobs from this state to a site or facility that is located outside the United States, shall, for a period of seven years, be ineligible to receive any grants or loans under the provisions of any program established under title 32 of the general statutes or any assistance from the proceeds of state bonds.

Sec. 3. (NEW) (*Effective from passage*) Any contract for services entered into by the state on or after the effective date of this section shall require that the vendor provide such services using employees within the United States.

Sec. 4. (NEW) (*Effective from passage*) Any person who receives a telephone call from any person engaged in telemarketing may request, and such person so engaged shall supply, the name of the city, state and country from which the call originated, the name of the person placing the call, and the name of the person, firm or corporation on whose behalf the person is placing the call.

This act shall take effect as follows:

Section 1	*from passage*
Sec. 2	*from passage*
Sec. 3	*from passage*
Sec. 4	*from passage*

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 $	FY 06 $
All	All Appropriated Funds - Cost	Indeterminate	Indeterminate
Department of Economic & Community Development	GF - Cost/Savings	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

It is anticipated that the Department of Economic and Community Development (DECD) will need the equivalent of one-quarter of an economic development agent and associated expenses, estimated to cost $20,000 to $30,000 per year, to prepare and track surveys, and maintain reports required under the bill.

To the extent the bill may disqualify companies from receiving state economic assistance, there would be a cost savings to the state.

The bill also requires that all state contracts for services executed after the bill's effective date require the contractor to provide the service only with employees working within the U.S. This provision of the bill may increase the future cost of state contracts. The cost of future state contracts with certain vendors may increase if the lowest qualified bidder for a service contract employed workers outside the U.S. Under this scenario the state would be precluded from hiring this contractor and may have to incur higher costs to employ another vendor.

Lastly, the bill requires a telemarketing caller, if requested, to provide certain information to a person receiving a telemarketing phone call. The bill does not specify which agency is responsible for the enforcement of the telemarketing provision; therefore, the fiscal impact is indeterminate at this time.

OLR BILL ANALYSIS

sHB 5660

AN ACT CONCERNING THE EXPORTING OF JOBS

SUMMARY:
This bill disqualifies businesses from receiving economic development grants and loans for seven years if they laid off employees and then transferred the work they did to a facility outside the United States. This disqualification applies if a business had net loss of 100 or more employees during the previous year because it transferred 100 or more jobs to a facility outside the United States. The bill provides a procedure for determining if a business is disqualified for economic development financing.

The bill requires any state contract for services executed after the bill's effective date to require the contractor to provide the service only with employees working within the United States. It also allows anyone receiving a telemarketing phone call to request certain information from the caller and requires the caller to provide that information. If requested, the caller must identify himself, the company he represents, and the city, state, or country from which he is making the call. It also requires telemarketers to provide certain information to anyone they call if that person requests it.

EFFECTIVE DATE: Upon passage

REPORTING JOB LOSSES

The bill requires any business subject to Connecticut business taxes to notify the economic and community development commissioner if it had a net loss of 100 or more employees during the prior year. Businesses must begin doing this by January 1 annually, beginning in 2005.

The commissioner must send a survey to these businesses requesting information that would help him determine if the net loss resulted from the business transferring jobs to facilities outside the United States. The survey must request the following information:

1. the business' name and principal place of business;
2. whether the business received any state grants or loans;
3. the number of employees who lost their jobs in the prior year;
4. the number of jobs the business created in Connecticut during that year; and
5. the number of jobs that were lost here because the business transferred work to employees located outside the United States.

The company must complete the survey and return it to the commissioner within 30 days after receiving it.

In addition, the bill allows people to notify the commissioner if they believe they lost their jobs because their employer transferred the work they did to employees located outside the United States. The commissioner must maintain a record of these reports.

BACKGROUND

Related Bills

Several other bills limit or restrict the extent to which businesses contracting with the state can perform or transfer work to sites outside of Connecticut. sSB 501 (File 266) requires every state contract to contain a provision that bars the contractor from using workers employed at sites outside the United States unless the work is unavailable in the United States or the contract's purpose is to perform the work or service that results from proceedings or other events occurring outside the United States. It also sets conditions under which most businesses must notify employees about pending layoffs. The Senate referred the bill to the Government Administration and Elections Committee on March 31.

sSB 430 (File 319) requires any contract let by the state, municipalities, or other political subdivisions to contain a provision prohibiting the contractor from using a person, group, or subcontractor located outside the United States unless the work or service is not available in the United States.

sSB 391 (File 317) provides greater protection to service contract employees whose jobs are in jeopardy because (1) their employer's contract is terminated or (2) the state agency that employs them decides to transfer the work they did to a location outside the state.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 29 Nay 15