

**EHB 2257** - S COMM AMD

By Committee on Labor, Commerce, Research & Development

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** It is essential that the legislature and  
4 state agencies spend tax dollars in a manner that is both responsible  
5 and consistent with the best interests of the state and the nation.  
6 The legislature and state agencies should, therefore, consider indirect  
7 benefits that may be achieved when entering into state contracts for  
8 goods and services. Such benefits include, but are not limited to, job  
9 creation, capital investment, and economic stimulus. Additionally,  
10 such benefits include greater protection of privacy interests, less  
11 risk of disclosure of personal information, and avoidance of undue  
12 risk.

13 NEW SECTION. **Sec. 2.** The office of financial management, in  
14 consultation with representatives of state agency management, business,  
15 labor, and agricultural groups, shall develop and implement procurement  
16 policies and procedures necessary to determine whether contracts  
17 between the state and a private party including, but not limited to,  
18 civil service contracts, contracts for public works, personal services,  
19 purchased services, information services, highway design and  
20 construction, and materials, supplies, and equipment, and any  
21 subcontracts awarded under such contracts, are in the best interests of  
22 Washington state, its residents, and its economy. These procurement  
23 policies and procedures shall require consideration of the following  
24 when making decisions to enter into contracts:

25 (1) The extent to which the contract, or any subcontract awarded  
26 under the contract, will be performed at a location outside the United  
27 States;

28 (2) The extent to which international trade agreements apply to the  
29 contract, or any subcontract awarded under the contract;

1 (3) The extent to which awarding the contract to a Washington  
2 business will result in job creation or retention or other economic  
3 benefits to Washington, its residents, and its economy;

4 (4) The extent to which decisions to locate research, development,  
5 production, and other facilities in Washington by businesses based in  
6 other countries and other states has resulted in job creation and other  
7 economic benefits to Washington, its residents, and its economy; and

8 (5) The extent to which the contract, or any subcontract awarded  
9 under the contract, involves solicitation or disclosure of personal  
10 information.

11 NEW SECTION. **Sec. 3.** (1) The office of financial management, in  
12 consultation with the departments of general administration,  
13 information services, personnel, and other affected agencies, shall  
14 develop policies to require that all parties seeking to enter into an  
15 agreement with the state of Washington or any of its agencies on any  
16 contract subject to section 2 of this act disclose the following:

17 (a) The specific services, if any, allowed or required under the  
18 contract, that will be performed outside the United States, and the  
19 country, if outside the United States, where such services will be  
20 performed; and

21 (b) Any subcontracting of services performed under the contract and  
22 outside of the United States, and the country, if outside the United  
23 States, where the services will be provided.

24 (2) A contract subject to section 2 of this act shall forbid any  
25 party entering into the contract to: (a) Increase the extent of  
26 services performed outside the United States beyond the amount  
27 previously disclosed by the party without the written consent of the  
28 agency; and (b) change the country in which the services are performed  
29 without the written consent of the agency.

30 NEW SECTION. **Sec. 4.** The requirement in section 2 of this act  
31 that certain types of goods and services under certain contracts, and  
32 subcontracts under such contracts, be in the state's best interests  
33 does not apply to goods and services:

34 (a) Under such contracts if the director of the office of financial  
35 management determines that the only practicable source of the goods or  
36 services is clearly and justifiably located outside the United States.

1 This exception to the requirement may apply, by way of illustration and  
2 not as a limitation, to goods or services related to the establishment  
3 and operation of foreign offices created to promote overseas trade and  
4 commerce;

5 (b) Under a contract entered into under faculty research and study  
6 abroad programs authorized by an institution of higher education if an  
7 opportunity to consider whether the contract is in the state's best  
8 interest does not exist and the amount of the contract is less than  
9 fifty thousand dollars; and

10 (c) Related to the marketing of Washington state agricultural  
11 commodities under contracts entered into by foreign trade  
12 representatives or consultants on behalf of the Washington state  
13 department of agriculture or by commodity boards or commissions  
14 established or formed under Title 15 RCW.

15 (2) By September 1st of each year, the director of the office of  
16 financial management shall provide the house of representatives  
17 commerce and labor committee and the senate labor, commerce, research  
18 and development committee, or their successor committees, with a list  
19 of contracts entered into in the previous fiscal year for which he or  
20 she determined that the only practicable source of the goods or  
21 services was clearly and justifiably located outside the United States.

22 NEW SECTION. **Sec. 5.** A new section is added to chapter 39.04 RCW  
23 to read as follows:

24 Public works contracts entered into by the state under this  
25 chapter, and any subcontracts awarded under such contracts, including  
26 but not limited to contracts and subcontracts for the fabrication or  
27 manufacture of nonstandard items specifically for a public works  
28 project, must be in the state's best interests, as specified in section  
29 2 of this act.

30 NEW SECTION. **Sec. 6.** The office of financial management, in  
31 consultation with representatives of state agency management, business,  
32 labor, and agricultural groups, shall conduct a study of the indirect  
33 benefits and costs of adopting procurement policies giving Washington  
34 businesses a price preference when determining the lowest responsible  
35 bidder on civil service contracts and contracts for public works,  
36 personal services, purchased services, information services, highway

1 design and construction, and materials, supplies, and equipment. These  
2 benefits shall include, but are not limited to, job creation and  
3 retention, capital investment, state and local tax revenue, and  
4 economic stimulus. The office of financial management shall report its  
5 findings, and any recommendations for legislation adopting procurement  
6 policies giving Washington businesses a price preference, to the  
7 legislature by December 1, 2005.

8 NEW SECTION. **Sec. 7.** Sections 1 through 4 and 6 of this act  
9 constitute a new chapter in Title 39 RCW."

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10 On page 1, at the beginning of line 3 of the title, strike the  
11 remainder of the title and insert "adding a new section to chapter  
12 39.04 RCW; and adding a new chapter to Title 39 RCW."

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