

*June 29, 2010*

Washington, D.C. – Congressman Jerry McNerney (CA-11) today introduced legislation to stop American jobs from going overseas. H.R. 5622, the Stop Outsourcing and Create American Jobs Act of 2010, will prevent job losses by cracking down on tax loopholes that encourage corporations to ship jobs abroad and helping to ensure that corporations with government contracts are not using the taxpayers' money to ship jobs overseas.

"I've heard from numerous people in our area whose jobs have gone overseas," said Rep. McNerney. "One woman wrote me and shared how she was asked to train new employees from Brazil. Then, after they were trained, she lost her job, likely to one of the people she helped. Another person wrote me that his job went overseas in 2006. He was able to find new employment, but was quickly laid off again when this second job was outsourced to India."

"It is imperative to our economic recovery that we take serious steps to prevent American jobs from being shipped overseas," continued Rep. McNerney. "That's why I introduced legislation that will help close tax loopholes that corporations use to hide assets in tax haven countries and send jobs overseas. It's time to get tough with those who break the rules and outsource good American jobs."

"The bill I wrote also helps ensure that corporations with government contracts are not using American taxpayers' money to send jobs overseas," said Rep. McNerney. "It's unacceptable that corporations would create jobs in foreign countries while benefiting from U.S. government contracts."

According to the non-partisan Congressional Research Service, an estimated 3.4 million service sector American jobs may be outsourced overseas by 2015, in addition to the extensive job losses that have already occurred in the manufacturing sector. Northern California has been hard hit by outsourcing, according to another study done by the Brookings Institution, which estimates that between 2004 and 2015, the San Francisco and San Jose metro areas will lose between 3.1% and 4.3% of their jobs to outsourcing. The Sacramento metro area is also estimated to suffer significantly from this problem, losing between 2.1% and 2.5% of its jobs to outsourcing during the same time period. Jobs that are considered particularly vulnerable to outsourcing include middle class jobs such as manufacturing positions, as well as office support, including data entry and payroll clerks, auditors and tax preparers, computer programmers and software engineers, medical transcriptionists and paralegals, and technical writers.

The legislation authored by Congressman McNerney will address this issue by cracking down on tax loopholes that encourage corporations to ship jobs overseas. H.R. 5622 directs the Secretary of the Treasury to establish a list of "corporate tax haven countries" and then increases civil and criminal penalties for corporations guilty of a variety of illegal transactions

involving a tax haven country, such as fraud, false claims, and tax evasion. This provision provides an additional deterrent to corporations from using tax havens to hide assets and create jobs overseas.

According to the non-partisan Government Accountability Office (GAO) in a study conducted in late 2008, an estimated 83 out of the 100 biggest public corporations have subsidiaries in tax haven countries or similar jurisdictions.

In many instances, these subsidiaries may be created by corporations to take advantage of foreign tax structures and cheap labor, replacing American jobs.

The legislation authored by Congressman McNerney will also help ensure that corporations with government contracts are not using American tax dollars to outsource American jobs. In the aforementioned report, the GAO determined that 63 of the 100 biggest federal contractors also have subsidiaries in tax haven countries or similar jurisdictions.

H.R. 5622 requires federal agencies to request information about corporations' outsourcing practices when applying for government contracts and allows preference for contracts to be given to companies that have not outsourced jobs in the last year. A corporation that provides false information about outsourcing jobs would be subject to a fine up to the value of the contract for which it is competing and would be disqualified from seeking new contracts for two years.

Steve Riley, Vice President-Sales & Marketing for Electric Vehicles International (EVI), recognized the significance of this provision of Congressman McNerney's legislation with the following statement. EVI is a manufacturer of electrical vehicles with headquarters located in Stockton.

"Congressman McNerney's bill will help make sure that companies like EVI that are playing by the rules and creating U.S. jobs can compete on fair terms for government contracts," said Mr. Riley. "I appreciate Congressman McNerney's efforts, which will help companies like EVI expand and create jobs in Northern California."

Any revenue generated by H.R. 5622 will be used to pay down the country's debt. The bill, which is co-sponsored by Rep. Tim Bishop (NY-1) and Rep. Gary Peters (MI-9), is now expected to be referred to House committees for further consideration.