

Client Alert

August 2012

Outsourcing: Federal Legislative Roundup

The run-up to the presidential election has inspired a small flurry of outsourcing-related activity on Capitol Hill. As in the 2008 election cycle, the bills target U.S. companies with global operations, rather than companies outsourcing work to service providers.

The Bring Jobs Home Act (S. 3364)

On July 19, 2012, [The Bring Jobs Home Act](#) failed cloture, effectively killing its progress. The act, sponsored by a group of 15 Democratic senators, would have created a business tax credit for up to 20 percent of “eligible insourcing expenses” incurred in eliminating a business unit located outside the U.S. and relocating it to the U.S. and would have denied a deduction for “specified outsourcing expenses” associated with business unit relocations offshore. A similar House bill (H.R. 6152) has been referred to committee.

The Outsourcing Accountability Act of 2012 (S. 3392)

On July 17, 2012, Senator Sherrod Brown (D-Ohio) introduced the [Outsourcing Accountability Act of 2012](#) in the Senate, after a similar bill bearing the same name failed in the House in March (H.R. 3875). The act seeks to hold public companies accountable for their outsourcing practices by requiring disclosure of the number of their domestic and foreign employees.

The act would amend the Securities Exchange Act of 1934 to require most public companies to disclose annually: (1) the number of employees domiciled in the U.S.; (2) the number of employees domiciled in any foreign country; and (3) the increase or decrease in the numbers of domestic and foreign employees from the previous reporting year. Emerging growth companies would be exempt.

While the act would impose a reporting burden on U.S. public companies with global operations, it would not reach transactions where work moves from employees of the company to those of a service provider and would seem to provide little useful data, regardless of your views on outsourcing.

About Hunton & Williams LLP’s Global Technology, Outsourcing and Privacy Practice Group

Hunton & Williams’ global technology, outsourcing and privacy practice group combines remarkable depth and breadth of experience on a worldwide platform. In any given year, the group works on multiple domestic, global, offshore and multishore sourcing and technology transactions with total contract value in the billions of dollars. The firm has more than 40 outsourcing and technology lawyers and outsourcing savvy subject-matter professionals in tax, labor, real estate, employee benefits and intellectual property. Because of the data-intensive nature of the issues and transactions, and the global nature of its clients’ businesses and sourcing solutions, the group is closely integrated with the firm’s privacy and data security practice group and the Centre for Information Policy Leadership.

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