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Contract bill wins approval

Gov. Owens weighing veto

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State lawmakers on Friday narrowly approved a bill that could effectively give U.S. companies an edge when bidding for state contracts against foreign competitors - or even against U.S. firms that outsource operations abroad.

The Senate passed the Democrat-backed bill on an 18-17 party-line vote, following House passage last month.

"It gives us the opportunity to keep jobs in our state and in our nation," said Sen. Brandon Shaffer, the bill's Senate sponsor. "That was one of the strongest selling points."

Powerful business groups, including the Denver Metro Chamber of Commerce and the Colorado Association of Commerce and Industry, opposed the bill. It was supported by labor groups, including the AFL-CIO.

Jim Reis, president of the World Trade Center Denver, said that some of the bill's supporters did not understand its intent and potential impact.

"I don't think they have any idea what they passed," said Reis. "They were sold a bill of goods that the decision (on trade agreements) would be put in the hands of the legislature. They were obviously confused."

The bill removes Colorado state procurement rules from existing international free- trade agreements, including the Central American Free Trade Agreement and World Trade Organization agreements, according to Senate staff.

The bill now goes to Gov. Bill Owens, who suggested through a spokesman that he might veto it.

Owens is concerned that the bill could be deemed unconstitutional because it contradicts U.S. trade agreements, spokesman Dan Hopkins said.

Owens is also wary that the bill would be seen as protectionist and create backlash for Colorado firms that do business internationally, Hopkins said.

One other state, Maryland, enacted a similar law in 2005 after the legislature overrode a veto by Gov. Robert L. Ehrlich Jr.

If Owens vetoes the bill, it's unlikely the Colorado legislature would have the two-thirds majorities in both houses to override it, said Shaffer, D-Longmont.

The bill's language deals narrowly with removing Colorado state procurement rules from international trade agreements and requires the governor to seek the legislature's approval to join such pacts.

But the implications are broader, potentially allowing the state contracting office to favor U.S. firms that don't outsource work abroad over U.S. firms that do, or over foreign-based firms - even if they are low bidders.

That flexibility would not exist if Colorado is a party to the existing international free-trade agreements, Shaffer said.

Last year Democrats pushed for an anti-offshoring bill that would have banned the state from contracting with companies that operate outside the U.S. That bill was defeated after research indicated it would cost taxpayers $24 million this year.

There was no estimated fiscal impact on the bill passed Friday.

During the previous fiscal year, the state handed out 2,858 state contracts worth more than $270 million, according to the Colorado Department of Personnel and Administration, Division of Finance and Procurement. It's unclear how many of those current contracts were awarded to foreign companies or to U.S. companies that outsource abroad.

The bill applies to construction contracts of more than $7.4 million and other state contracts of more than $526,000, according to the bill's House sponsor, Democrat Paul Weissmann of Louisville.

Sen. Jim Dyer, R-Centennial, derided the bill on the Senate floor Friday morning.

"A bill comes along once in a while that is so misguided that it takes your breath away," said Dyer, who voted against the measure.

Sen. Jim Isgar, D-Hesperus, voted for the bill. When asked Friday why he supported it, he said, "It's good to get some input from the public and make sure the agreements we sign aren't detrimental" to Colorado.

Isgar added that he thought the bill applied only to future trade agreements, not existing ones - which is not the case.

Stuart Anderson, executive director of the **National Foundation for American Policy**, said last week that the bill - if enacted - could be deemed unconstitutional.

"States should not be making international trade policy," said Anderson, based in Arlington, Va. "That's the purview of the federal government."