

September 21, 2004

The Honorable Arnold Schwarzenegger
Governor
State of California
State Capitol, First Floor
Sacramento, CA 95814

Subject: Request for vetos of AB 1829, AB 2715, AB 3021, SB 888 and SB 1492

Dear Governor Schwarzenegger,

On behalf of the more than 2,500 corporate members of the Electronic Industries Alliance (EIA), the Consumer Electronics Association (CEA), the Telecommunications Industry Association (TIA) and the Government Electronics & Information Technology Association (GEIA), which represent the full spectrum of U.S. technology manufacturers, we strongly urge you to veto five bills that we believe will seriously harm the business conditions and long-term economy of California, impacting employees at all levels. The bills on which we seek your veto are AB 1829 (Liu), AB 2715 (Reyes), AB 3021 (Koretz), SB 888 (Dunn), SB 1492 (Dunn).

At their heart, all five of these bills seek to force companies to retain work in California that they might otherwise choose to do elsewhere more efficiently or cost-effectively. We understand that the movement of jobs can have an adverse affect on some workers, but the California economy as a whole has benefited – and will continue to benefit – from a liberalized global marketplace.

As you will recall from EIA's work with your office earlier this year and our policy playbook, *The Technology Industry at an Innovation Crossroads*, EIA and its sector partners are committed to seeing the innovation economy in the U.S. strengthened. We have worked hard to bring the debate over offshore outsourcing to a more productive level than simply trade vs. jobs. Among our legislative and regulatory recommendations have been those that lead to a more competitive business landscape at both the state and federal levels, and throughout the year we have served on the steering committee of a broad coalition of business associations, including the U.S. Chamber of Commerce, committed to these same goals.

Restrictions such as AB 1829, which prohibits state agencies or local governments from contracting out services unless the contracted company certifies that all work will be performed by workers in the U.S., go against the very principle of opening markets that has been at the core of positive business policy for years. Since taking office, you have proved yourself to be serious about improving California's business landscape and encouraging growth and innovation. However, the cumulative effect of these bills will certainly be sharply increased costs in products and services. At the same time, they will limit state agencies' and local governments' choice. California's taxpayers deserve to reap the benefits of and have access to the best resources in the world and the highest quality of service available, but the higher costs likely to be imposed by this legislation will be passed along to them.

Furthermore, we urge you to consider the potential retaliatory effect: companies in California do a significant amount of business with foreign governments, and these bills could harm those relationships. We are greatly concerned that such protectionist measures will encourage governments in other countries to prohibit U.S. employees from performing work for them.

If the U.S. wants to be the leader among innovation nations, we need to adopt positive public policy solutions, rather than isolationist or protectionist measures. Among these solutions are those that help to improve our own business landscape. These five bills will not further your goal of doing so in California, and for this reason, we urge you to veto these bills.

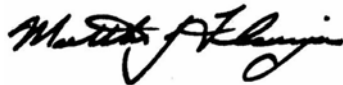
Sincerely,



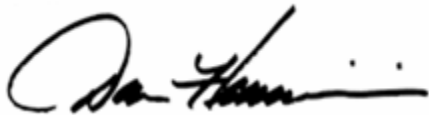
Dave McCurdy
President
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Gary Shapiro
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Dan Heinemeier
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