

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-1056/1	Introduction Number AB-0020	
Description Preference in state and local government contracts and procurement for materials manufactured in the United States		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
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Fiscal Estimate Narratives

DOA 3/3/2015

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Description Preference in state and local government contracts and procurement for materials manufactured in the United States					

Assumptions Used in Arriving at Fiscal Estimate

2015 Assembly Bill 20 would require the state to purchase materials which are mined, produced, manufactured, fabricated, or assembled to the greatest extent in the United States even if the award would not be to the lowest bidder. Also, contracts for public works or public improvement projects would need to contain a provision that the contractor will use materials that are manufactured in the United States.

At this time, the cost of adding these requirements is indeterminate as there is no easily available source to determine which components of any product are produced in the United States. In addition, the department does not have data on the increased cost of materials if the lowest bidder is not chosen due to the materials not being manufactured in the United States. The additional time required to verify that the bidder is providing only goods manufactured in the United States and to investigate challenges cannot be estimated at this time. Generally, the Department anticipates that the workload resulting from 2015 AB 20 would generate a need for additional staff and budget authority.

Increased costs as a result of the following would occur under 2015 AB 20:

1. The lowest bidder may not be awarded the procurement contract or public improvement contract.
2. Increased time to review and monitor all contracts, subcontracts and material specifications to determine if the materials are manufactured or originate in the United States at the time of award and throughout the life of the contract.
3. Time and cost of public improvement construction projects and architectural and engineering design work to ensure that only United States-made materials are incorporated in all contracts.
4. Time and cost of lengthening the administrative procurement and construction bid process to assess these factors.

Currently, there are in excess of 600 active department construction contracts, and 300 contracts resulting from the procurement of goods, equipment and commodities by the Department's Enterprise Sourcing and Consolidated Agencies Procurement Services (CAPS). Also, there are unknown hundreds of contracts that have been established by the University of Wisconsin and its campuses.

In addition to the above, Wisconsin is currently a signatory to the World Trade Organization Government Procurement Agreement (WTOGPA). Under this agreement, preferences in favor of the United States must be eliminated from all contracts over \$558,000 for goods. The provisions of this bill could put Wisconsin in violation of this agreement, and thereby place Wisconsin in jeopardy of monetary sanctions and/or loss of federal funding.

Local government costs are also indeterminate.

Long-Range Fiscal Implications