

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-1336/3	Introduction Number AB-0001
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Description
 State procurement of products and services from businesses located in this state and setting a goal for local government to purchase a certain percentage of products and services from businesses located in this state

Fiscal Effect

State:

No State Fiscal Effect
 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:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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	

Agency/Prepared By DOA/ Dawn Soletski (608) 266-6497	Authorized Signature Martha Kerner (608) 266-1359	Date 1/21/2009
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Fiscal Estimate Narratives

DOA 1/21/2009

LRB Number	09-1336/3	Introduction Number	AB-0001	Estimate Type	Original
Description State procurement of products and services from businesses located in this state and setting a goal for local government to purchase a certain percentage of products and services from businesses located in this state					

Assumptions Used in Arriving at Fiscal Estimate

If enacted, this bill would require state and local governments to attempt to ensure that at least 2 percent of the total amount expended for products and services is from Wisconsin-based businesses. In any fiscal year, the percentage of the total amount expended from Wisconsin-based businesses may not be lower than it was in the previous fiscal year.

Under current law, DOA has an exception to the requirement to award orders or contracts to the lowest bidder to give preference to Wisconsin producers, distributors, suppliers, and retailers over any out-of-state vendor that is domiciled in a jurisdiction that grants a preference to vendors domiciled in that jurisdiction. State agencies and the University of Wisconsin campuses in FY08 purchased approximately \$1.0 billion of goods and services under §16.75, Wis. Stats. Applying the purchasing goal of this bill to the FY08 spend results in a goal of \$20 million of expenditures to Wisconsin-based businesses from state agencies.

Data is not available that would show whether enacting this 2 percent goal would either increase or decrease the cost of goods and services to provided state agencies. Therefore, the actual cost to state agencies of expanding the preference to Wisconsin-based businesses is indeterminate.

AB1 provides that state agencies shall attempt to ensure that at least 2 percent of state purchasing is with companies domiciled in Wisconsin; in future years, the percentage must not be lower than the preceding year. The State of Wisconsin does not own or manage a procurement system that tracks purchasing transactions by the state domicile of its vendors. In order to track spending with Wisconsin firms, agencies will be required to implement new procedures or technologies, such as manual review, WISMART system upgrades or implementation of an enterprise resource planning (ERP) system that includes a procurement module that tracks vendor state domicile. The costs of these changes are indeterminate.

There is also no accumulative data on the total amount of purchases made in FY08 by local units of government. Therefore, it is not possible to determine what the 2 percent goal would be either in a cumulative or individual basis.

Long-Range Fiscal Implications

Unknown.