

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-0743/2	Introduction Number AB-0021
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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"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>special districts</u> <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
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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 DOR/ Robert Schmidt (608) 267-9892	Authorized Signature Paul Ziegler (608) 266-5773	Date 2/17/2011
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Fiscal Estimate Narratives

DOR 2/17/2011

LRB Number	11-0743/2	Introduction Number	AB-0021	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

The Department of Administration's procurement policy requires state agencies to purchase items from the lowest bidder, with some exceptions. The bill provides an exception to this current policy to set a goal that 20% of the aggregate value of state agency purchases of products and services in a given year will be from businesses based in Wisconsin. In addition, these government agencies would also have a goal that, with regard to routine purchases, the percentage purchased from businesses based in Wisconsin will not be less than the percentage purchased in the prior year. The bill establishes the same goals for local governmental units.

The Department of Revenue (DOR) does not have information on the value of purchases made by state agencies from Wisconsin-based businesses. The financial reports filed by towns, villages, cities, and counties with DOR do not separate costs among personnel, goods, and services. The data also do not identify where the businesses from which goods and services are purchases are based. As a result, it is not possible for DOR to estimate the extent to which state agencies and local governments currently meet the 20% goal.

To the extent state agencies and local governments are not currently meeting the goal, the bill could increase or decrease costs for the affected agencies and governmental units, depending on (1) the extent to which purchases from Wisconsin-based businesses increase, and (2) cost differences between in-state and out-of-state businesses.

Under current law, purchases made by state agencies, local governments, and schools are not subject to the state sales tax. An increase in purchases by governmental bodies from Wisconsin-based businesses would not result in an increase to state and local sales tax revenues.

Also under current law, a state agency cannot enter into a contract for the purchase of materials or supplies unless the vendor is registered with DOR and collecting and remitting Wisconsin sales and use tax on the vendor's taxable sales in Wisconsin. Since Wisconsin based businesses are already required to remit sales and use tax collections on their taxable sales, any increase in (non-taxable) sales to state government by Wisconsin businesses as a result of the bill is not expected to increase sales tax registrants or sales and use tax collections.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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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			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$Indeterminate	\$Indeterminate
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Robert Schmidt (608) 267-9892		Paul Ziegler (608) 266-5773	2/17/2011