

### Fiscal Estimate - 2011 Session

Original     Updated     Corrected     Supplemental

<b>LRB Number 11-2930/1</b>		<b>Introduction Number AB-0374</b>	
<b>Description</b> Creating a preference in state procurement for Wisconsin-based businesses			
<b>Fiscal Effect</b>			
<b>State:</b>			
<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"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<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			
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input 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	
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

DHS 12/12/2011

LRB Number	11-2930/1	Introduction Number	AB-0374	Estimate Type	Original
<b>Description</b> Creating a preference in state procurement for Wisconsin-based businesses					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires state agencies and other purchasing agents to maximize the awards given to businesses that have at least 50 percent of their operations in Wisconsin or that plan to have at least 50 percent of their operations in Wisconsin in the next year. To accomplish this goal, the state agency or purchasing agent may purchase materials, supplies, equipment, and contractual services from any such business that submits a bid or proposal that is no more than 5 percent higher than the apparent low bid or most advantageous proposal.

The bill would have two potential fiscal effects on the Department: a) administrative costs to determine whether a business is a Wisconsin-based business and b) the cost of funding contracts that are up to 5 percent higher than the lowest bid.

Currently, the Department of Administration (DOA) certifies prospective bidders as being a Wisconsin-based Minority Business Enterprise (MBE). The Department of Health Services (DHS) uses the DOA designations to satisfy its requirements under the MBE law.

If DOA or another entity certifies businesses as being Wisconsin-based, as with the MBE program, DHS would need to dedicate a portion of a position's time to tracking its compliance with the law, creating required reports, and educating department managers on the law's provision. DHS would be able to absorb this additional workload and cost.

If, however, DHS becomes responsible for verifying each bidder's claim that the business is Wisconsin-based, the Department's workload would be significantly higher where costs and workload could not be absorbed by the Department and additional staff would need to be obtained. Since there is no baseline from which to project possible workload implications, administrative costs are indeterminate.

In addition, the Department is unable to project what amount of contracts it would fund at higher than the lowest bid. For these reasons, the fiscal effect is indeterminate.

### Long-Range Fiscal Implications