



## Fiscal Estimate Narratives

DNR 12/14/2011

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

#### Bill Summary

This bill proposes to create a preference in state procurement for Wisconsin-based businesses. It 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. Therefore, 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.

#### Fiscal Effect--State

Costs would increase to the extent that the Department would be obligated under the bill to accept a higher bid (up to 5% higher than the lowest bid) from a Wisconsin-based firm. Given the variability in the types of goods and services that are procured by the Department, the fiscal impact is considered to be indeterminate since it would vary on a bid-by-bid basis. There would be additional, indeterminate costs associated with structuring a procurement system or set of procedures that verify that a vendor has at least 50% of its operations in Wisconsin or plans to have 50% of its operations in Wisconsin in the next year.

#### Fiscal Effect--Private Sector

Wisconsin-based businesses may be placed at a competitive disadvantage when bidding for contracts with other state governments due to reciprocity laws. Currently Connecticut, Georgia, Hawaii, Indiana, Iowa, Maine, Maryland, Michigan, Nebraska, New Jersey, New York, N. Carolina, Ohio, Pennsylvania, S. Dakota, Texas, Utah and Virginia do not impose a penalty against Wisconsin-based businesses competing in their state because they have "equal to" reciprocity laws.

### Long-Range Fiscal Implications