

**Fiscal Estimate - 2011 Session**

Original     Updated     Corrected     Supplemental

<b>LRB Number</b> <b>11-2930/1</b>		<b>Introduction Number</b> <b>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"/> 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			
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> 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	
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	
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"/> SEG5			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Robert Schmidt (608) 267-9892		Paul Ziegler (608) 266-5773	12/13/2011

## Fiscal Estimate Narratives

DOR 12/13/2011

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

Under current law, state agencies must award procurement contracts to the lowest bidder, with some exceptions. One such exception is a preference for Wisconsin vendors over an out-of-state vendor if the out-of-state vendor is domiciled in a jurisdiction that grants a preference to vendors domiciled in that jurisdiction.

Under the bill, this current law exception for Wisconsin vendors is repealed and replaced with a requirement that state agencies attempt to maximize the amount purchased from businesses with at least 50% of their operations in Wisconsin. Under the bill, state agencies may purchase materials, supplies, equipment and contractual services from a Wisconsin based business that submits a qualified bid that is no more than 5 percent higher than the low bid.

The Department of Revenue (DOR) does not have information to determine the portion of a business's operations that occur in Wisconsin. As a result, it is not possible for DOR to estimate the extent to which state agencies currently make purchases from businesses with at least 50% of their operations in Wisconsin.

Under current law, purchases made by state agencies are not subject to the state sales tax. An increase in purchases by governmental bodies from Wisconsin 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

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 11-2930/1		<b>Introduction Number</b> AB-0374	
<b>Description</b> Creating a preference in state procurement for Wisconsin-based businesses			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$Indeterminate	\$Indeterminate	
NET CHANGE IN REVENUE	\$	\$	
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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