

### Fiscal Estimate - 2011 Session

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>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 checked="" 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 checked="" 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			
<b>1.</b> <input type="checkbox"/> Increase Costs		<b>3.</b> <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b>	
<b>2.</b> <input type="checkbox"/> Decrease Costs	<b>4.</b> <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<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 checked="" type="checkbox"/> SEG	<input type="checkbox"/> SEGS s.20.395		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>	
DOT/ Karl Kuecker (608) 266-1876	Stephanie LaSage (608) 267-3703	12/5/2011	

## Fiscal Estimate Narratives

DOT 12/5/2011

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

Current law generally requires that state agencies award orders and contracts for materials, supplies, equipment, and contractual services to the entity that provides the lowest responsible bid or most advantageous competitive proposal. It also contains an exception to this requirement whereby a preference shall be given to Wisconsin producers, distributors, suppliers, and retailers over any out-of-state vendor that's located in a jurisdiction that grants a preference to vendors located in that jurisdiction.

This bill eliminates this exception and instead requires state agencies to maximize awards given to businesses that have at least 50 percent of their operations in Wisconsin. To accomplish this goal, state agencies may accept bids from Wisconsin businesses that are no more than five percent higher than the apparent low bid or proposal.

To purchase materials, supplies, equipment, and contractual services, the Department of Transportation (DOT) prepares a solicitation which consists of a request for bid, request for proposal, or a simplified bid. Bids contain item quantities and any specifications and proposals describe the services required.

To implement this proposal, DOT purchasing staff would need to change the solicitation response requirements to allow vendors to identify themselves as either being a Wisconsin business or are planning to be one in the next year. Determination of an award that may utilize the five percent preference would be recorded in the abstract documentation of each solicitation. Then, each bid or proposal would need to be reviewed to determine if a five percent Wisconsin Business preference should be applied. It would take a purchasing agent about 10 hours to implement these new process changes. However, the cost would be absorbed within existing budgets.

A spreadsheet would also need to be created to track the number of self identified Wisconsin businesses that were awarded a contract. The spreadsheet would need to be updated yearly and would be used by purchasing agents to maximize the awards given to Wisconsin businesses. It would take approximately 25 hours a year to perform this task and the cost would also be absorbed within existing budgets.

Besides incorporating the administrative changes, DOT predicts a slight increase in total vendor costs. However, it's difficult to estimate the cost increase because DOT has no way to determine at this time how many Wisconsin businesses might win future solicitations due to the five percent preference .

### Long-Range Fiscal Implications

DOT estimates that overall purchasing costs would increase due to the five percent preference that may be given to Wisconsin based businesses. However, the cost increase is unknown at this time .

## 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>			
Any one-time costs to change any purchasing process or procedure would be absorbed into existing budgets. Any increase in vendor purchasing costs is unknown at this time.			
<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		0	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$0</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S (Transportation Fund)		0	
<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		\$0	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOT/ Karl Kuecker (608) 266-1876		Stephanie LaSage (608) 267-3703	12/5/2011