

### Fiscal Estimate - 2013 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>13-1855/1</b>	<b>Introduction Number</b> <b>SB-088</b>
<b>Description</b> Preference in state and local government contracts and procurement for materials manufactured in the United States	
<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 checked="" 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> DOA/ Nancy Foss (608) 261-2292	<b>Authorized Signature</b> Jana Steinmetz (608) 266-1359
<b>Date</b> 4/4/2013	

## Fiscal Estimate Narratives

DOA 4/4/2013

LRB Number	13-1855/1	Introduction Number	SB-088	Estimate Type	Original
<b>Description</b> Preference in state and local government contracts and procurement for materials manufactured in the United States					

### Assumptions Used in Arriving at Fiscal Estimate

If enacted, Senate Bill 88 would require the state to purchase materials which are mined, produced, manufactured, fabricated, or assembled to the greatest extent in the United States even if the award would not be to the lowest bidder. Also, contracts for public works or public improvement projects would need to contain a provision that the contractor will use materials that are manufactured in the United States.

At this time the cost of adding these requirements are indeterminate as there is no easily available source to determine what components of any product are produced in the United States. In addition, the department does not have data on any increased cost of materials if the lowest bidder was not chosen due to the materials not being manufactured in the United States. The additional time required to verify that the bidder is providing only goods manufactured in the United States and to investigate challenges cannot be estimated at this time and it is not known if the additional requirements would generate a need for additional staff or budget authority to administer these procurements.

However, in general the following types of cost increases would occur as the result of this bill:

1. The lowest bidder may not be awarded the procurement contract or public improvement contract.
2. Increased time to review and monitor all contracts, subcontracts and material specifications to determine if the materials are manufactured or originate in the U.S. at the time of award and throughout the life of the contract.
3. Time and cost of public improvement construction projects and architectural & engineering design work to ensure that only U.S. made materials are incorporated in all contracts.
4. Time and cost of lengthening the administrative procurement and construction bid process to assess these factors.
5. Currently there are in excess of 600 active DOA construction contracts, and 200 DOA enterprise wide procurement contracts.

In addition to the above, Wisconsin is currently a signatory to the World Trade Organization Government Procurement Agreement (WTOGPA). Under this agreement, preferences in favor of the United States must be eliminated from all contracts over a certain monetary threshold. The provisions of this bill could put the State in violation of this agreement, and thereby place the State in jeopardy of monetary sanctions and/or loss of federal funding.

Local government costs are indeterminate.

### Long-Range Fiscal Implications

Unknown.