LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 573** HLS 11RS 874
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 11, 2011 6:18 AM
Author: WILLMOTT
Dept./Agy.: Division of Administration
Subject: Procurement Preference of Domestic Products Act
Analyst: Travis McIlwain

PROCUREMENT OR INCREASE GF EX See Note
Enacts the Procurement Preference of Domestic Products Act

Proposed legislation provides that purchasing agents shall give preference to and purchase manufactured articles, materials and supplies that have been manufactured in the United States. Each contract awarded by the purchasing agent shall contain a certification by the contracting entity that the procured products are manufactured in the U.S. This bill provides that if the awarded contractor has knowledge that the products supplied were not manufactured in the U.S., the following actions are allowable to the state: 1.) purchasing agency may void the contract, 2.) contractor shall not enter into any state contract after the date of the violation is discovered for a period of no less than 5 years, 3.) purchasing agency may recover damages in civil action in an amount 3 times the value of the products purchased. Effective July 1, 2011.

EXPENDITURES	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**5 -YEAR TOTAL**
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

Proposed legislation could result in an indeterminable increase in overall state expenditures because this bill requires state purchasing agents to give preference to and purchase materials and supplies that have been purchased in the United States. According to the Office of State Purchasing, reducing the overall vendor pool limits the state's ability to insure that it is getting the lowest available price on these goods.

In addition, due to the language within the bill that states that this legislation is not intended to contravene any existing treaty, law, agreement or regulation of the U.S., the Division of Administration may require the utilization of a consultant with these specific skill sets. The specific cost of a consultant with these specific skills is unknown, but will likely result in additional state general fund expenditures.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules House

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}
☐ 6.8(F)1 >= $500,000 Annual Fiscal Cost {S}
☐ 6.8(F)2 >= $100,000 Annual SGF Cost {H&S}
☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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