

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: SB601

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Saslaw

3. Committee: General Laws and Technology

4. Title: Public procurement; products manufactured in the United States.

5. Summary: Requires public contracts for the construction, reconstruction, alteration, repair, improvement, or maintenance of a public building or public works to contain a provision that the iron, steel, and manufactured goods used or supplied in the performance of the public contract or any subcontract are manufactured in the United States. This requirement does not apply if the requirement is inconsistent with the public interest, the products are not manufactured within the United States in sufficient and reasonably available quantities or with satisfactory quality, or using the products will increase the cost of the public contract by 25 percent or more. A person intentionally mislabeling or misrepresenting the origin of products will be ineligible to receive any other public contracts.

6. Budget Amendment Necessary: No. However, the amounts appropriated for individual capital projects may need to be increased or additional funding provided through supplemental appropriations to cover the potential cost increases.

7. Fiscal Impact Estimates: Indeterminate; however, this bill could have a significant impact on project costs and staff resources. DGS estimates that \$800 million in state construction would be impacted annually. Even though the bill requirements do not apply to projects where the costs will increase by more than 25 percent, an increase of one percent will increase annual project costs by \$8 million and an increase of 25 percent could increase annual project costs by as much as \$200 million.

This estimate does not include additional costs for state maintenance projects and any local government costs.

8. Fiscal Implications: The effort and time required to procure parts and projects would also increase to ensure manufactured goods meet the bill's requirements. On construction projects agencies would likely be required to hire a full-time inspector to be on the jobsite and the contractor would probably also need a full-time compliance officer to ensure that what is actually being installed meets the bill's requirements.

9. Specific Agency or Political Subdivisions Affected: All public bodies including state agencies, localities, and schools that construct or maintain buildings.

10. Technical Amendment Necessary: No

11. Other Comments: The requirements in this bill are administratively burdensome to ensure compliance. This bill is similar to SB377.

Date: 1/30/12

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