Department of Planning and Budget
2012 Fiscal Impact Statement

1. **Bill Number:** SB377

   House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** McEachin

3. **Committee:** General Laws and Technology

4. **Title:** Construction projects using public funds; iron, steel, and manufactured goods must be produced in the United States.

5. **Summary:** Prohibits use of state or local funds for construction projects, including any construction, alteration, maintenance or repair of a public building or public works project, unless all of the iron, steel, and manufactured goods, including equipment, used in the project are produced in the United States. Under the bill an exception to the requirement is provided if the administrative head of the contracting state agency determines in writing that (i) iron, steel, and relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality or (ii) inclusion of iron, steel, and manufactured goods produced in the United States will increase the costs of the overall project by more than 25 percent.

6. **Budget Amendment Necessary**: 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.

8. **Fiscal Implications:** Because of its requirement that United States products must be used if the project cost does not increase by more than 25 percent, this bill could have a significant impact on the price of capital projects funded by state or local governments. The Department of General Services indicates that the average annual amount of state construction is $800 million. Using this average, an increase of one percent in construction costs would increase state agency capital project costs by $8 million. An increase of 25 percent would increase annual project costs by $200 million. No information is available on the annual average construction costs incurred by localities. In addition to the potential for increased project costs, there would likely be additional administrative costs to ensure that the requirements of the bill are met.

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:** None

Date: 1/18/12
Document:
c: Secretary of Administration