

Department of Planning and Budget 2015 Fiscal Impact Statement

1. **Bill Number:** SB1299

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** McEachin

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 shall be 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:** See Item 8.

7. **Fiscal Impact Estimates:** Fiscal impact is indeterminate. See Item 8.

8. **Fiscal Implications:** The fiscal impact of this bill is indeterminate. The bill requires construction contracts for public buildings and public works to contain a provision that the iron, steel, and manufactured goods used or supplied shall be manufactured in the United States. Any impact of such a requirement on construction contract cost is indeterminate and depends on the cost of US materials compared to any other materials currently utilized and the extent to which such costs would be passed on by contractors to public bodies. The bill provides an exception to the requirement if it will increase contract costs by 25 percent or more.

In addition to any impact on material costs, agencies with ongoing construction projects may need to hire additional compliance staff to ensure contractors utilize US materials in accordance with the new contract provision.

The Department of General Services estimates approximately \$800 million in state construction would be impacted annually. This estimate does not include local government construction or state spending on maintenance projects, which will also be subject to the bill's requirement.

9. Specific Agency or Political Subdivisions Affected: All state agencies and other public bodies without an exception to the Virginia Public Procurement Act

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/6/2015

Document: H:\GENERAL ASSEMBLY\2015 Session\DGS\SB1299\SB1299.doc