

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-1416/1	Introduction Number AB-0048
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Description

State procurement of products and services from businesses located in this state and setting a goal for local government to purchase a certain percentage of products and services from businesses located in this state

Fiscal Effect

State:

- | | | |
|--|--|---|
| <input type="checkbox"/> No State Fiscal Effect
<input checked="" type="checkbox"/> Indeterminate
<input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|--|--|---|

Local:

- | | | |
|---|--|--|
| <input type="checkbox"/> No Local Government Costs
<input checked="" type="checkbox"/> Indeterminate
1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease Revenue
<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 |
|---|--|--|

Fund Sources Affected

Affected Ch. 20 Appropriations

GPR FED PRO PRS SEG SEGS

Agency/Prepared By

Authorized Signature

Date

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3/12/2013

Fiscal Estimate Narratives

DOA 3/12/2013

LRB Number	13-1416/1	Introduction Number	AB-0048	Estimate Type	Original
Description State procurement of products and services from businesses located in this state and setting a goal for local government to purchase a certain percentage of products and services from businesses located in this state					

Assumptions Used in Arriving at Fiscal Estimate

If enacted, this bill would require state and local governments to attempt to ensure that at least 20 percent of the total amount expended for products and services is from Wisconsin-based businesses and that, in any fiscal year, the percentage of the total amount expended from Wisconsin-based businesses will not be lower than it was in the previous fiscal year. To measure compliance, the bill requires DOA to collect data from a person who bids for a contract regarding the person's principal place of business and make the information publicly available on its Internet site.

State agencies and the University of Wisconsin campuses in FY11 purchased approximately \$1.0 billion of goods and services under §16.75, Wis. Stats. Applying the purchasing goal of this bill to the FY11 spend would result in a goal of \$200 million of expenditures to Wisconsin-based businesses from state agencies.

Data is not available that would show whether enacting this 20 percent goal would either increase or decrease the cost of goods and services provided to state agencies. Therefore, the actual cost of limiting competition to Wisconsin-based businesses to achieve the goal is indeterminate.

This bill provides that state agencies shall attempt to ensure that at least 20 percent of state purchasing is with companies domiciled in Wisconsin; in future years, the percentage must not be lower than the preceding year. The State of Wisconsin does not own or manage a procurement system that tracks purchasing transactions by the state domicile of its vendors. In order to track spending with Wisconsin firms, agencies will be required to implement new procedures or technologies, such as manual review, WISMART system upgrades or implementation of an enterprise resource planning (ERP) system that includes a procurement module to track vendor state domicile. The cost of purchasing new procurement systems and/or staff expense for manual review is indeterminate; however, it is likely such costs would be substantial and could not be absorbed by agencies.

In addition, the bill's requirement that the Department of Administration (DOA) collect and compile data on the principal place of business of those persons responding to bids or proposals and report on that data to the legislature would also comprise additional manual intervention that could not be absorbed by current staff. However, the cost of this additional workload is indeterminate at this time.

Finally, the State is not aware of any data on the total amount of purchases made by local units of government. Therefore, it is not possible to determine what the 20 percent goal would be, based on cumulative spend by local governments or spend on an individual jurisdictional basis.

If Wisconsin enacts an "in state" preference, those vendors who may benefit from that preference will be harmed if/when they bid for work with other states since the majority of states have a reciprocity law. All of our neighboring Midwestern states where Wisconsin businesses are most likely to bid for work have reciprocity laws. Those states include: Illinois, Iowa, Minnesota, Michigan, Indiana, and Ohio.

Long-Range Fiscal Implications

Unknown.