

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 12, 2011

TO: Honorable Byron Cook, Chair, House Committee on State Affairs

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1655 by Davis, Yvonne (Relating to the preference given by state agencies to goods offered by bidders in this state or manufactured, produced, or grown in this state or in the United States.), **As Introduced**

There would be an indeterminate fiscal impact to the state from the provisions of the bill.

The bill would amend Government Code procurement requirements for agencies to give purchasing preference to goods produced or manufactured in Texas or the United States. The bill adds provisions for an exception to the preference when a state agency determines that the preferred goods are not available in sufficient quantities. The bill removes provisions restricting use of the preference to actions that do not result in a higher cost or lower quality of products procured by the state.

Upon determination that goods produced or manufactured in Texas, or the United States, are not available in sufficient quantities, the bill would require a state agency to: (1) publish, for public comment, a copy of the agency's determination; file a written copy of the determination with the Comptroller of Public Accounts (CPA); and work with the CPA to ensure the goods are available from a preferred bidder in the future.

The bill would require a person receiving a contract under a preference cited in this bill to certify that the goods meet the requirements of the preference and allow a state agency to cancel a contract, and seek the recovery of damages, if a person awarded a contract under a preference knowingly provides goods not produced or manufactured in Texas, or the United States. Vendors whose contracts are canceled under these provisions would be ineligible from receiving another state contract for five years.

State agencies reported that the fiscal impact of the bill's provisions cannot be determined until related requirements are built into bidding opportunities, bid responses are received, and the resulting pricing structures can be compared to existing competitive pricing structures. The bill's provisions could result in state agencies paying higher prices for regularly purchased goods.

The bill would apply to contracts executed on or after the effective date. The bill would take effect September 1, 2011.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 313 Department of Information Resources, 601 Department of Transportation, 696 Department of Criminal Justice

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