

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 21, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1007** by Davis, Yvonne (Relating to the purchase of iron, steel, and manufactured goods made in the United States for certain state, state-aided, and governmental entity construction projects.), **As Introduced**

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

The bill would amend the Government Code to require state and local government entities with construction projects to source iron, steel and manufactured goods from the United States. The bill would permit exceptions if these goods are not produced in sufficient quantities in the United States or the cost for these goods exceeds 15 percent.

Multiple state entities report that such a requirement could allow the cost of certain goods to increase by up to 15 percent. The ultimate impact of this potential cost varies by agency and institution of higher education depending on the level of anticipated future building construction. Some agencies and institutions of higher education do not anticipate a financial impact to their construction projects while others could experience an increase in project costs.

Local Government Impact

There could be additional costs to a local government required to request that iron, steel and manufactured goods that are part of a bid for a public work be manufactured in the United States unless the total cost would be 15 percent or more. Costs would vary depending on the availability of products and whether the requirement would be waived.

According to the Texas Municipal League, municipalities that could obtain products to comply with the manufacturing requirements would incur an additional 15 percent in costs. According to the Texas Association of Counties, no significant fiscal impact is anticipated.

Source Agencies: 303 Facilities Commission, 405 Department of Public Safety, 601 Department of Transportation, 696 Department of Criminal Justice, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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