

BILL ANALYSIS

Senate Research Center
85R11636 YDB-F

S.B. 1289
By: Creighton
Business & Commerce
4/3/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Iron and steel manufacturing facilities have closed in Texas, and we will continue to lose iron and steel manufacturing jobs. The reason is because foreign countries, like China and Turkey, subsidize their iron and steel manufacturing, circumvent our trade laws, and flood the U.S. with cheap iron and steel. Texas-based iron and steel manufacturers cannot compete with foreign countries who have a proven track record of environmental and human rights violations. Until the U.S. aggressively enforces our federal trade laws, Texas must act to level the playing field or risk losing more iron and steel manufacturing jobs.

The definition of "governmental entity" applies only to state agencies. It does not include county or municipal government facilities, public school buildings, or institutions of higher education.

The intent is to apply only to the iron or steel that is permanently incorporated into infrastructure projects. Examples are corrugated steel used for bridges and roads or beams for buildings and facilities.

S.B. 1289 addresses the opposition to similar legislation filed in past legislative sessions.

- S.B. 1289 refers to iron and steel products manufactured in the U.S.
- S.B. 1289 does not include manufactured goods.
- S.B. 1289 exempts electrical components, equipment, systems, and appurtenances necessary for their operation.

S.B. 1289 should not increase the cost of state buildings or infrastructure and does not eliminate competition. The contractors, distributors, fabricators, and manufacturers still have to compete for the infrastructure projects. The state agencies award contracts based on lowest price or best value.

As proposed, S.B. 1289 amends current law relating to the purchase of iron and steel products made in the United States for certain governmental entity projects.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 2252, Government Code, by adding Subchapter F, as follows:

SUBCHAPTER F. CERTAIN CONSTRUCTION AND INSTALLATION PROJECTS

Sec. 2252.201. DEFINITIONS. Defines "governmental entity," "manufacturing process," "produced in the United States," and "project."

Sec. 2252.202. UNIFORM PURCHASING CONDITION. Requires the uniform general conditions for a project in which iron or steel products will be used, except as provided by Section 2252.203, to require that the bid documents provided to all bidders and the contract include a requirement that any iron or steel product used in the project be produced in the United States.

Sec. 2252.203. EXEMPTIONS. (a) Provides that Section 2252.202 does not apply to a project for which the governing body of the governmental entity responsible for the project determines that iron or steel products produced in the United States are not produced in sufficient quantities, reasonably available, or of a satisfactory quality, or use of iron or steel products produced in the United States will increase the total cost of the project by more than 20 percent.

(b) Provides that electrical components, equipment, systems, and appurtenances necessary for operation are not considered to be iron or steel products and are exempt from the requirements of Section 2252.202.

Sec. 2252.204. INTERNATIONAL AGREEMENTS. Requires that this subchapter be applied in a manner consistent with this state's obligations under any international agreement.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2017.