

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 333** HLS 14RS 901
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|--|---------------------------------|
| Date: April 23, 2014 7:06 PM | Author: MONTOUCET |
| Dept./Agy.: Division of Administration (DOA) | Analyst: Travis McIlwain |
| Subject: Preference for extruded woven polypropylene products | |

PROCUREMENT EG INCREASE GF EX See Note Page 1 of 1
 Provides preferences for extruded woven polypropylene products woven in Louisiana

Proposed bill provides that every person acting as a procurement officer, purchasing agent or similar official shall purchase extruded woven polypropylene products woven in the state which are equal in quality to extruded woven polypropylene products woven outside the United States, provided the cost of extruded woven polypropylene products woven in this state does not exceed by more than 10% the cost of extruded woven polypropylene products woven outside the United States. This proposed bill provides for these provisions to impact Title 38 (overall public bid law) and Title 39 (State Procurement Code).

| EXPENDITURES | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Annual Total | | | | | | |
| REVENUES | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 5 -YEAR TOTAL |
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Proposed legislation will likely result in an indeterminable increase in overall state and local expenditures because this bill requires state purchasing agents to give preference to and purchase extruded woven polypropylene products woven in the state over the same products woven outside the United States. Reducing the overall vendor pool limits the state and local governmental entities' ability to insure that it is getting the lowest available price on these goods. This bill does provide a limitation that the materials woven in the state cannot exceed the cost of those woven outside the U.S. by 10%. However, this limitation ensures that the state and local governmental entities will be paying a maximum 10% more for items made in-state than those made outside the United States.

Current law (R.S. 39:1595(H) & R.S. 38:2251(H)) contains a 10% preference (cost of item does not exceed cost of other bidders by 10%) for products produced in Louisiana and provides that the preference is not mandatory and in claiming the preference the bidder of the state made product must agree to lower its bid to that of the otherwise out-of-U.S. lowest bidder. This bill has the 10% preference, but does not require that the Louisiana bidder lower its bid to the out-of-U.S. low bid.

For purposes of simplicity, the potential impact of this legislation is reflected above as SGF but may ultimately impact other means of finance.

NOTE: An example of the governmental use of woven polypropylene products is sand bags.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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|---|----------------------------|--|---|---|
| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | Evan Brasseaux Staff Director |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} | | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | | |