

## **BILL ANALYSIS**

Senate Research Center

H.B. 535  
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Government Organization  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Many companies manufacture their products in foreign countries and then ship components to the United States for assembly. These companies claim that the products are domestically manufactured because they went through final assembly on United States soil.

Under current law, state agencies give preference to goods produced or grown in Texas over out-of-state items when the cost and quality of competing goods are equal. While goods manufactured in Texas are included in current law by implication, this bill will clarify that “manufactured” products include items produced as a result of a manufacturing process that alters the form or function of several components by assembling them in a manner by which finished item has added value and has a new distinct function from the original different components.

H.B. 535 requires state agencies to promote and give preference to goods manufactured in Texas.

H.B. 535 amends current law 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.

### **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 Sections 2155.444(a), (b), and (c), Government Code, as follows:

(a) Requires the comptroller of public accounts of the State of Texas and all state agencies making purchases of goods, including agricultural products, to promote the purchase of and give preference to goods manufactured, produced, or grown in this state or offered by Texas bidders as follows:

(1) goods manufactured, produced, or offered by a Texas bidder that is owned by a service-disabled veteran who is a Texas resident are required to be given a first preference and goods manufactured or produced in this state or offered by other Texas bidders are required to be given second preference, if the cost to the state and quality are equal; and

(2) Makes no change to this subdivision.

Makes nonsubstantive changes.

(b) Provides that if goods, including agricultural products, manufactured, produced, or grown in this state or offered by Texas bidders are not equal in cost and quality to other products, then goods, including agricultural products, manufactured, produced, or grown in other states of the United States are required to be given preference over foreign products if the cost to the state and quality are equal.

(c) Defines "manufactured" in this section and makes nonsubstantive changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2013.