

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 4, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2780 by Paddie (Relating to the purchase of iron and steel products made in the United States for certain governmental entity projects.), **As Introduced**

Depending upon the level of anticipated future building, structure, or infrastructure construction, there could be an indeterminate fiscal impact to the state.

The bill would amend Chapter 2252 of the Government Code, regarding contracts with government entities, to require state entities with projects relating to the construction, remodeling, or altering of a building, a structure, or infrastructure, including a road or highway, or who supply a material for such projects, to source iron or steel products used in such projects from the United States. The bill would permit exceptions if these products are not produced in sufficient quantities in the United States or if the use of products produced in the United States will increase the total cost of the project by more than 20 percent.

Multiple state entities report that such a requirement could allow the cost of the entity's projects to increase by up to 20 percent. The ultimate impact of this potential cost varies by entity depending on the level of anticipated future building, structure, or infrastructure construction. Some entities do not anticipate a financial impact to their construction projects while others could experience an increase in project costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Facilities Commission, 305 General Land Office and Veterans' Land Board, 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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