

MAINE STATE LEGISLATURE

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DATE: 2.13.04

(Filing No. S- 386)

STATE AND LOCAL GOVERNMENT

Reported by:

MAJORITY

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STATE OF MAINE
SENATE
121ST LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 217, L.D. 608, Bill, "An Act to Support Domestic Businesses in Publicly Funded Construction Projects"

Amend the bill in section 1 in that part designated "~~§1754.~~" by striking out all of the first line (page 1, line 5 in L.D.) and inserting in its place the following:

'§1754. Bids by domestic steel fabricators'

Further amend the bill in section 1 in that part designated "~~§1754.~~" in the first paragraph in the 3rd line (page 1, line 9 in L.D.) by striking out the following: "manufacturers and" and inserting in its place the following: 'steel'

Further amend the bill in section 1 in that part designated "~~§1754.~~" in the first paragraph in the 4th line (page 1, line 10 in L.D.) by inserting after the following: "contracts" the following: 'involving state funds'

Further amend the bill in section 1 in that part designated "~~§1754.~~" by striking out all of subsections 1 and 2 (page 1, lines 15 to 27 in L.D.) and inserting in their place the following:

'1. Competitive bids. Notwithstanding sections 1743 and 1743-A, a domestically fabricated structural or miscellaneous steel product is considered of comparable cost to a foreign-fabricated structural or miscellaneous steel product if the cost of the domestic product is within 15% of the cost of the

foreign-fabricated product. For purposes of this section, "domestically fabricated structural or miscellaneous steel product" means a product substantially fabricated in the United States.

2. Rules. The Department of Administrative and Financial Services may adopt rules to implement this section, including establishing a definition for "substantially fabricated" and a process for certifying where the fabrication is substantially done. Rules adopted pursuant to this subsection are routine technical rules as defined in chapter 375, subchapter 2-A.'

Further amend the bill by inserting after section 1 the following:

'Sec. 2. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of General Services - Capital Construction & Improvement Reserve Fund 0883

Initiative: Appropriates funds for one Engineer Technician IV position and the estimated increase in total construction costs resulting from this proposed preferential treatment.

General Fund	2003-04	2004-05
Positions - Legislative Count	(0.000)	(1.000)
Personal Services	\$0	\$59,231
All Other	0	566,000
General Fund Total	\$0	\$625,231'

SUMMARY

This amendment is the majority report. It limits the scope of the preference for domestic supplies to structural and miscellaneous steel fabrication products. The amendment clarifies that the 15% price preference applies to projects involving state funding. It also removes language regarding source disclosure and authorizes the Department of Administrative and Financial Services to adopt routine technical rules defining "substantially fabricated" and establishing a process for certifying where the steel fabrication is done. It also adds an appropriations and allocations section.

FISCAL NOTE REQUIRED
(See attached)

**121st Maine Legislature
Office of Fiscal and Program Review**

**LD 608**

**An Act to Support Domestic Businesses in Publicly Funded Construction
Projects**

LR 1599(02)

**Fiscal Note for Bill as amended by Committee Amendment "A"
Committee: State and Local Government**

Fiscal Note Required: Yes

Minority Report

Fiscal Note

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
Net Cost (Savings):				
General Fund	\$0	\$625,231	\$640,862	\$656,883
Appropriations/Allocations				
General Fund	\$0	\$625,231	\$640,862	\$656,883

Fiscal Detail and Notes

To give preferential treatment to certain domestic steel fabricators whose bids are within 15% of a bid of a foreign supplier will result in increased costs to the Department of Administrative and Financial Service's public improvement construction projects of \$625,231 in fiscal year 2004-05, \$640,862 in fiscal year 2005-06 and \$656,883 in fiscal year 2006-07. This estimate is based on the proposed preferential treatment providing at least a 2% increase to total construction project expenditures (\$28 million in fiscal year 2001-02). In addition, it is anticipated that this bill will also require an Engineer position at a total cost of \$65,231 in fiscal year 2004-05 to handle the additional responsibilities resulting from this legislation.

This legislation may also increase the construction and planning costs of a State Board of Education funded Major Capital Improvement project such as the construction of a new school or renovations to an existing school. Although the impact for fiscal years 2003-04 and 2004-05 can not be determined at this time, the Department estimates that, had this requirement been in place for the \$155,000,000 in school construction projects administered in the 2001-2002 rating cycle, it would have resulted in additional costs of approximately \$523,125, or approximately \$261,563 in each fiscal year. The actual cost to the Department will depend on the amount of school construction funds made available in each 2 year cycle. However, because debt service costs associated with funding school construction projects can not exceed the annual levels established in 20-A MRSA § 15905, a decrease in the total number of projects may be required in order to stay within the spending limits. If all planned projects are to be undertaken the debt service limit may need to be raised.

School administrative units who have major construction or renovation projects will also incur additional costs associated with this requirement. The impact to the individual school administrative units can not be determined at this time