

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4142

Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session
Legislative Fiscal Office

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Measure Description:

The measure requires a contracting agency to apply certain preferences in awarding contracts related to paper goods manufactured in Oregon from recycled materials.

Government Unit(s) Affected:

Department of Corrections, Department of Administrative Services (DAS), Statewide

Summary of Fiscal Impact:

Please see analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The bill requires that a contracting agency give a purchasing preference to paper goods manufactured in Oregon from recycled materials. State procurements statutes already provide for a 5% price differential preference for the purchase of goods made from recycled materials over goods made from non-recycled materials. This bill would add an additional 5% price differential for paper goods made from recycled materials that are manufactured in Oregon over goods made from non-recycled materials and a 10% price differential for goods made from recycled materials that are manufactured in Oregon over goods that are made from recycled materials manufactured elsewhere. Although the majority of state agencies have reported a minimal fiscal impact from this measure, two agencies, the Department of Corrections and the Department of Administrative Services, both large consumers of paper products note that there may be a substantial cost resultant to the measure, the amount of which is indeterminate. It is assumed that agencies currently purchase all the available goods made of recycled materials that fall under the current 5% price differential and so the maximum increased paper products cost would be 10% above current costs.