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S.215

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Introduced by Senator Pollina

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Referred to Committee on Government Operations

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Date: January 3, 2012

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Subject: Institutions; economic development; government purchasing

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Statement of purpose: This bill proposes to require the use of an econometric

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model for the government purchase of certain goods and services.

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An act relating to evaluating net costs of government purchasing

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It is hereby enacted by the General Assembly of the State of Vermont:

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~~Sec. 1. SECRETARY OF ADMINISTRATION; UNIFORMITY OF~~

11

~~CONTRACT PRACTICES~~

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~~(a) The secretary of administration shall review contracting procedures~~

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~~related to licensed professional service providers, such as engineers and~~

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~~architects, at the various agencies and departments of the executive branch in~~

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~~order to evaluate and make necessary changes to ensure that the procedures are~~

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~~uniform, and that such procedures afford equal access to, and actively promote,~~

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~~contracting with Vermont-domiciled professional service providers.~~

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~~(b) The secretary or commissioner of each agency or department of state~~

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~~government shall utilize an econometric model, based on or similar to the~~

1 REMI model currently used by the executive and legislative economists, to  
2 allow state agencies and departments to evaluate the net costs and economic  
3 impacts of government professional service contracts. The econometric  
4 model shall:

5 (1) account for the net fiscal impact to the state of all significant  
6 elements of bids, including the level of local employment, wages and benefits,  
7 source of goods, and domicile of bidder;

8 (2) be designed to be easily updated from year to year; and

9 (3) be designed such that state employees administering bid processes  
10 can easily utilize the model in an expedient fashion.

11 Sec. 2. 29 V.S.A. § 161(g) is added to read:

12 (g) When considering contract bids under this section, the commissioner  
13 shall consider the interests of the state relating to the proximity of the supplier  
14 and the costs of transportation and relating to the economy of the state and the  
15 need to maintain and create jobs in the state. The commissioner shall utilize an  
16 econometric model that shall:

17 (1) account for the net fiscal impact to the state of all significant  
18 elements of bids, including the level of local employment, wages and benefits,  
19 source of goods, and domicile of bidder;

20 (2) be designed to be easily updated from year to year; and

1 ~~(3) be designed such that state employees administering bid processes~~  
2 can easily utilize the model in an expedient fashion.

3 Sec. 3. 29 V.S.A. § 903 is amended to read:

4 § 903. REQUISITION FOR SUPPLIES AND MATERIALS

5 \* \* \*

6 (b)(1) When purchasing any items or services mentioned in this chapter,  
7 the commissioner of buildings and general services, in any determination of  
8 the best interest of the state shall consider:

9 (1)(A) specified quality;

10 (2)(B) price;

11 (3)(C) ease of access of supply;

12 (4)(D) incidental administrative costs;

13 (5)(E) proven reliability of bidder;

14 (6)(F) use of recycled materials or products;

15 (7)(G) minimizing the creation, by the state, of solid waste;

16 (8)(H) the extent to which the usage of the item involves the  
17 generation of pollutants;

18 (9)(I) life cycle costs, if required under the state agency energy plan,  
19 ~~as implemented,~~

1 ~~(10)(J) the interests of the state relating to the proximity of the~~  
2 ~~supplier and the costs of transportation, and relating to the economy of the~~  
3 ~~state and the need to maintain and create jobs in the state; and~~  
4 ~~(11)(K) the use of railroads and the increased revenues returning to~~  
5 ~~the state from its railroad leasing program.~~  
6 (2) The commissioner, in the commissioner's discretion, may spend up  
7 to 10 percent more for comparable products that are made of recycled  
8 materials. If products made of recycled materials are to cost more than 10  
9 percent more than comparable products, the commissioner shall receive  
10 consent of state entities that are to use the product, before completing the order  
11 for the materials in question.  
12 (3) For purposes of considering subdivision (1)(J) of this subsection, the  
13 commissioner shall utilize an econometric model that shall:  
14 (A) account for the net fiscal impact to the state of all significant  
15 elements of bids, including the level of local employment, wages and benefits,  
16 source of goods, and domicile of bidder;  
17 (B) be designed to be easily updated from year to year; and  
18 (C) be designed such that state employees administering bid  
19 processes can easily utilize the model in an expedient fashion.  
20 (c) Whenever any business or industry located in Vermont and employing  
21 ~~citizens of this state has submitted a bid and the item or service has not been~~

1 ~~purchased from them, the commissioner of buildings and general services shall~~  
2 record his or her reason for assigning the order as he or she did and his or her  
3 report shall be a public record available to any interested person. All bids or  
4 quotations shall be kept on file in his or her office and open to public  
5 inspection.

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7 Sec. 4. 30 V.S.A. § 34 is added to read:

8 § 34. ECONOMETRIC ANALYSIS OF COMPETING PROJECTS

9 (a) In the event of one or more substantially similar projects for which  
10 there are two or more applicants, prior to issuing any certificate of public good  
11 to a foreign-domiciled applicant that may directly result in a loss of Vermont  
12 jobs or have a direct negative economic impact on a Vermont-domiciled  
13 applicant for the same or a substantially similar project, the public service  
14 board shall utilize an econometric model that shall:

15 (1) account for the net fiscal impact to the state of all significant  
16 elements of the applications, including the level of local employment, wages  
17 and benefits, and the geographic location of the applicants;

18 (2) be designed to be easily updated from year to year; and

19 (3) be designed such that state employees administering bid processes  
20 can easily utilize the model in an expedient fashion.

1 ~~(b) The board shall deny a certificate of public good to a foreign-domiciled~~  
2 ~~applicant if it determines that, based on the results of its econometric analysis,~~  
3 ~~awarding the certificate would result in a net economic loss to the state as~~  
4 ~~compared to the award of a certificate of public good to a Vermont-domiciled~~  
5 ~~applicant for the same or a substantially similar project.~~

6 Sec. 5. EFFECTIVE DATE

7 ~~This act shall take effect on passage.~~

*Sec. 1. ECONOMETRIC ANALYSIS PILOT PROJECT*

*(a) The secretary of administration and the legislative economist shall design and implement a one-year pilot project to conduct an econometric analysis when evaluating government contracts for goods and services by the department of buildings and general services, the agency of natural resources, and the department of corrections. Each agency and department participating in the pilot project shall have the discretion to determine which contracts are appropriate for econometric analysis.*

*(b) When considering applicable contract bids for goods or services, each agency and department participating in the pilot project shall consider the interests of the state relating to the proximity of the supplier and the costs of transportation, and relating to the economy of the state and the need to maintain and create jobs in the state. The commissioner or secretary, as applicable, shall utilize an econometric model that shall:*

*(1) account for the net fiscal impact to the state of all significant elements of bids, including the level of local employment, wages and benefits, source of goods, and domicile of bidder;*

*(2) be designed to be easily updated from year to year; and*

*(3) be designed such that state employees administering bid processes can easily utilize the model in an expedient fashion.*

*Sec. 2. REPORT*

*On or before January 15, 2014, the secretary of administration shall submit a report to the house and senate committees on government operations and on natural resources and energy, the house committee on corrections and*

*institutions, and the senate committee on institutions on the results of the econometric analysis pilot project and any further legislative or policy recommendations for expansion, adaptation, or elimination of econometric analysis in government contracting.*

*Sec. 3. EFFECTIVE DATE*

*This act shall take effect on July 1, 2012.*