



---

## HB 881 Challenges

- 1) HB 881 directly contradicts fundamental free market and capitalistic principles and prevents free and open competition – the best incentive for vendors to lower prices.
- 2) HB 881 is in direct conflict with local governments' long practice of accepting the lowest, most responsive competitive bid. The primary goal of public purchasing is to achieve best value in the acquisition of goods and services. Increasing prices to acquire goods and services locally also increases taxpayer expense.
- 3) HB 881 will almost certainly lead to increased bid protests. Preference creates a whole new layer of opportunities for vendor protest of contract awards. This, in turn, will likely tie up the procurement process, increase cost/delays in delivery of goods and services, and will again increase taxpayer expense.
- 4) HB 881 will almost certainly set up Georgia's businesses for retaliatory provisions in other states and this, in turn, may actually discourage economic growth in Georgia. Vendors chose to physically locate in a state because the state provides some advantage. Reciprocal laws in other states will prevent a vendor from competing in all markets outside the state. As a consequence, most vendors will chose to locate in the state having the largest share of their commodity market. This could stifle economic growth (reduce employment opportunities) and raise taxes. Keep in mind that Georgia itself has enacted retaliatory provisions for businesses located in other states that have adopted in-state preference laws and this year is considering legislation to expand that to localities in other states.
- 5) HB 881 does not clarify how to determine what providers of services are located in this state or employ Georgia residents. For example, is it enough that a portion of it is made here? What if parts are made elsewhere but it is assembled here, or vice-versa? What if you have bidders who have a mix of Georgia and non-Georgia products, services and employees?
- 6) HB 881 does not clearly articulate any methodology for the bidder to estimate the number of jobs created or retained in Georgia. We would suspect that there are various methods that could yield a wide range of results. Are whatever formula used or figures that may be arrived at enough to justify the increased cost to the local taxpayers? Would any non-satisfactory methodology lead other bidders to protest the award of the bid?

In summary, while ACCG favors the theoretical concept of supporting Georgia manufacturers, producers, and jobs we believe HB 881 leaves much to be desired and illustrates the practical difficulty of implementing such a theory via state mandate. We believe that HB 881 will prove difficult to administer, likely leading to unintentional noncompliance; is too vague to consistently accomplish its stated goal; may well lead to confusion, protests, and delays in the procurement process; and will ultimately cost local taxpayers more in the purchase of public goods.