

July 15, 2003

The Honorable Michael S. Baer  
Secretary of the Senate  
State Capitol  
Baton Rouge, LA 70804

Re: Senate Bill No. 1111 by Senator Schedler  
PUBLIC CONTRACTS: Requires the state to give a preference to Louisiana printed products when making such purchases.

Dear Mr. Baer:

Senate Bill No. 1111 seeks to expand Louisiana's current practice relative to applying preferences for printing bids. Currently, state statute allows a preference for items printed in Louisiana as well as other items manufactured in Louisiana under the provisions of R.S. 39:1595(H). If a Louisiana printed or manufactured product is within ten percent of a product manufactured outside the state, this statute provides the bidder the option to sell the items at the same price as the lowest bid offered on such items. If enacted, Senate Bill No. 1111 would create a new process for applying the preference to printing - a preference of ten percent without the requirement to lower the price to that of the otherwise lowest responsive bid. This will discourage competition in the bid process due to the guaranteed ten percent increase in profit for the preference items. The net effect would be a potential of a ten percent increase in cost to taxpayers for all printed items. Year to date purchases for printing within Advanced Governmental Purchasing System alone is \$7,819,704. This figure does not include those agencies that do not utilize the Advanced Governmental Purchasing System, including the Department of Transportation and Development, universities, school districts, and local government. In addition, since this proposal creates a unique way of applying preferences for a single industry, if it is allowed to become law, this will likely lead to other Louisiana manufacturers of goods seeking more costly preferences and creating complex administrative requirements.

Most importantly, there were study resolutions passed in the 2003 Regular Session which call for a comprehensive review of Louisiana's preference system. Another consideration of these reviews will be how preferences negatively impact Louisiana businesses trying to do business with other states. The bids of Louisiana vendors will be and are being affected by reciprocal preference laws, which the majority of states have. Recently, two Louisiana companies had their printing contracts cancelled by other states due to our offensive preference laws. Thirty-three states have reciprocal preferences including Mississippi,

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Texas, Florida, Georgia, Alabama, and Louisiana. SECURE, The National Association of Procurement Officials, The National Institution of Government Purchasing, and the federal government, all discourage preferences. Some federal programs prohibit any preference language and failure to comply results in the loss of federal funds. Of the 48 states responding to the 2000 National Association of State Purchasing Officers survey, only ten states still had instate preferences.

For these reasons, I have vetoed Senate Bill No. 1111 and am returning it to the Senate.

Sincerely,

M.J. "Mike" Foster, Jr.

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