

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6995**  
**BILL NUMBER: SB 429**

**DATE PREPARED:** Jan 6, 1999  
**BILL AMENDED:**

**SUBJECT:** Recycled materials purchasing preference.

**FISCAL ANALYST:** Susan Preble  
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**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that the recycled materials price preference for purchase of supplies by a governmental body must be set in rules adopted by the governmental body, in policies established by the purchasing agency, or in the solicitation. It requires the preference to be set to maximize the use of recycled materials when economically practical, and provides that the price preference may not exceed 15%. It also removes statutory preferences that specify particular preference percentages and amounts of recycled materials.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** Under current law, the recycled materials price preference is not automatic and must be claimed by the bidder. This proposal does not change that. Historically, the price preference is not often claimed, primarily because under current law the minimum percentage of the composition of the recycled materials is set at 50%, and because of uncertainty concerning the price preference percentage (either 10% or 15%).

This bill sets the recycled materials price preference at a maximum of 15%. It also deletes the provision that sets the minimum percentage of recycled materials composition at 50% and allows both the amount of the price preference (up to 15%) and the recycled material's composition of the supplies to be set by rules adopted by the governmental body, policies established by the purchasing agency, or the solicitation.

Current law outlines specifications for materials purchased by governmental entities which require that if economically feasible, paper products be composed of recycled material and disposable plastic products be degradable. This proposal does not affect those specifications. Consequently, this bill will increase governmental expenditures only if governmental entities purchase recycled supplies other than paper and disposable plastic products, and if bidders begin to claim the recycled materials price preference for those products.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See Explanation of State Expenditures.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Administration

**Local Agencies Affected:** Local governmental entities that purchase recycled materials

**Information Sources:** Jay McQueen, Department of Administration, (317) 232-7636; IC 5-22-5-6 (specifications for purchase of degradable and disposable products) and IC 5-22-5-7 (specifications for purchase of recycled paper products).