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FISCAL IMPACT STATEMENT

LS 7061 | **NOTE PREPARED:** Mar 15, 2007
BILL NUMBER: HB 1281 | **BILL AMENDED:**

SUBJECT: Bioproducts Initiative.

FIRST AUTHOR: Rep. Koch | **BILL STATUS:** 2nd Reading - 2nd House
FIRST SPONSOR: Sen. Heinold

FUNDS AFFECTED: X **GENERAL** | **IMPACT:** State & Local
DEDICATED
FEDERAL

Summary of Legislation: This bill requires governmental bodies and state educational institutions to purchase biobased products under certain circumstances. The bill establishes the Indiana Biobased Products Advisory Commission.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *Indiana Biobased Products Advisory Commission:* This bill establishes the Indiana Biobased Products Advisory Commission (IBPAC). The bill provides that the Department of Agriculture shall provide staff and pay the expenses for the IBPAC. Therefore this bill will cause an increase in expenditures of the Department of Agriculture. It is anticipated that the Department could implement this provision of the bill through the use of existing staff and resources.

The bill provides that the IBPAC is made up of 11 members all appointed by the Governor with not more than 6 members from the same political party. The bill charges the IBPAC with studying and recommending policies to encourage use, manufacturing, and development of biobased products by Indiana government and the private sector. Members of the IBPAC who are members of General Assembly are reimbursed for travel by the Legislative Services Agency (LSA). While all other members are reimbursed by the Department of Agriculture.

Biobased Purchases by Governmental Bodies: It is estimated that the provisions in the bill relating to biobased purchase requirements for governmental bodies will increase state expenditures. The amount of the possible increase is indeterminable. Any increase in expenditures will ultimately depend upon the administrative actions of each governmental body and state educational institution in procuring biobased

products as set forth in the bill. An increase in expenditures will only be realized to the extent that a biobased product purchased by a governmental body or state educational institution cost more than a similar product which is not biobased.

The bill provides that all governmental bodies and state educational institutions shall whenever possible purchase biobased products if:

(1) the product is available;
(2) it is economically feasible to purchase; and
(3) the purchase is not inappropriate because of federal regulations or the special requirements of scientific uses.

Governmental body as used in this bill means an agency, board, branch, bureau, commission, council, department, institution, office, or another establishment of: (1) the executive branch; (2) the judicial branch; (3) the legislative branch; or (4) a political subdivision.

The bill provides that a biobased product refers to an item designated by the U.S. Department of Agriculture (USDA) as a biobased product for federal procurement under the federal Farm Security and Rural Investment Act of 2002. The Act defines the term "biobased product" as a product determined by the Secretary of Agriculture to be a commercial or industrial product (other than food or feed) that is composed, in whole or in significant part, of biological products or renewable domestic agricultural materials (including plant, animal, and marine materials) or forestry materials. The USDA website lists the products that are considered biobased and provides links to the vendors of biobased products.

Explanation of State Revenues:

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

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: USDA http://www.biobased.oce.usda.gov/fb4p/Default.aspx; United States Code http://www4.law.cornell.edu/uscode/html/uscode07/usc_sec_07_00008101----000-.html.

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