

Preference in procurement for goods manufactured in Texas

HB 535 by Y. Davis (Zaffirini)

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DIGEST:	<p>HB 535 would have required state agencies to give preference to goods manufactured in Texas. A “manufactured” good would have been defined as an item produced through a process that “alters the form or function of components, including articles, materials, or supplies, that are directly incorporated into the item in a manner that adds value and transforms the components, and that is functionally distinct from a finished item produced merely from assembling the components into the item.”</p> <p>The same criteria for giving preference to goods produced or grown in the state would have applied to goods manufactured in the state. The bill would have required the comptroller’s office and other state agencies acting under the state’s preference criteria to promote the purchase of goods manufactured, produced, or grown in the state.</p>
GOVERNOR’S REASON FOR VETO:	<p>“House Bill 535 requires state agencies, when purchasing goods, to give preference to goods ‘manufactured’” in Texas. Current law already requires state agencies to give preference to goods produced and grown in Texas. While I support and encourage our agencies to buy goods from Texas businesses, this bill simply does not change current law.”</p>
RESPONSE:	<p>Rep. Yvonne Davis, the bill’s author, said: “Gov. Perry’s veto of HB 535, the ‘Buy Texas Bill,’ is a heavy blow to manufacturing companies and jobs in Texas. The governor’s opposition to the legislation indicates his strong support for out-of-state workers and industries over Texas’ economic growth and stability.</p> <p>“The House and Senate overwhelmingly passed HB 535 as a common sense approach aimed at promoting Texas’ economic growth by encouraging Texas agencies to buy from Texas businesses whenever we can. The governor’s failure to understand the need to keep our hard earned money in Texas to promote and protect jobs in Texas is problematic.”</p> <p>Sen. Judith Zaffirini, the Senate sponsor, said: “I was surprised that Gov. Rick Perry vetoed HB 535 by Rep. Yvonne Davis, which I sponsored in the Texas Senate. Although devoted to attracting businesses to Texas, the governor vetoed a bill that would have demonstrated Texas’ preference for the state’s manufacturers.</p>

“HB 535 would have required the comptroller and state agencies to give preference to products produced or grown in Texas and to promote the purchase of Texas manufactured goods. It also would have clarified that manufactured goods are eligible for the existing tie-breaker purchasing preference.

“The governor’s veto message noted that ‘current law already requires state agencies to give preference to goods manufactured in Texas.’ This is inaccurate because ‘produced’ and ‘manufactured’ have different meanings. Specifically, as HB 535 clarified, the manufacturing process includes research and development, building the components, assembly, packaging, and distribution to Texas. Companies that ‘produce’ goods in Texas can do as little as the final assembly process in-state, employing far fewer Texans than companies that administer the entire manufacturing process within Texas.

“HB 535 would have supported bringing more living-wage jobs to Texas, as well as related economic benefits of lower unemployment rates, a higher skilled labor force, and greater investments in Texas businesses and communities..”

NOTES: The HRO analysis of [HB 535](#) appeared in the April 22 *Daily Floor Report*.