

O TEC 2010

Igniting Ohio's

Economic Engine

BUY OHIO: Reinvesting Money
Already Spent

- What does “Buy Ohio” really mean?
- How can the program be improved to help the economy of the State of Ohio?

Why Buy Ohio Is Not Working

1. What is Buy Ohio?
2. How does Buy Ohio work?
3. A close up of three different Buy Ohio options
4. Who Wins?
5. What If?

What is Buy Ohio?

- Buy Ohio is a tool to enhance vendors in the State of Ohio** to supply products and services to agencies in the State of Ohio through state contracts.

** Companies in border states can also achieve this status

How does Buy Ohio work?

- A single award contact or a contract with multiple vendors with single award sections receive a 5% advantage at tabulation time
- This is given to all vendors that meet Buy Ohio status
- The quoted price remains the same but the 5% is added to non Buy Ohio vendors' quoted price
- Low price is awarded the contract or section of the contract

Invitation No. 034-11

STATE OF OHIO
DEPARTMENT OF TRANSPORTATION

**CERTIFICATE FOR DOMESTIC AND OHIO PREFERENCE FORM
BUY AMERICA & BUY OHIO**

Those bidders claiming preference for Domestic Source End Products and/or the Ohio preference, pursuant to Revised Code Section 125.09 and 125.11 and Administrative Code Section 123:5-1-06 must complete the following information. Bidders who qualify as an "Ohio" bidder (offer an Ohio product or have significant Ohio economic presence) or who qualify as a Border State bidder are eligible to receive a five percent (5%) preference over non-Ohio/Border state bidders. The state reserves the right to clarify any information during the evaluation process. **BIDDERS MUST COMPLETE THIS CERTIFICATION TO RECEIVE THE PREFERENCE.**

1. Buy America, Domestic Preference
 - a. The product/service being offered are mined, raised, grown, produced or manufactured in one of the following countries. Yes No
 United States: _____ (state) Canada Mexico
 - b. End product is manufactured outside the United States and at least 50% of the cost of its components are produced, mined, raised, grown or manufactured within the United State. The cost of components may include transportation costs to the place of manufacture and, in the case of components of foreign origin, duty whether or not a duty free entry certificate is issued. Yes No
 - c. The Bidder hereby certifies that each end product, except the products listed below, is a domestic source end product as defined in the Buy America Act and that components of unknown origin have been considered to have been mined, produced, grown or manufactured outside the United States.
_____ (Item) _____ (Country of Origin)
_____ (Item) _____ (Country of Origin)
2. The product/services being offered are raised, grown, produced, mined or manufactured in Ohio. Yes No
 - a. If YES, please list where in Ohio the product is raised, grown, mined, or manufactured.

3. If the product is not raised, grown, mined, or manufactured in Ohio, the bidder must have a significant economic presence within the State of Ohio.
 - a. Bidder pays the required taxes due the State of Ohio. Yes No
 - b. Bidder is registered with the Ohio Secretary of State. Yes No
 - c. Bidder has ten or more employees based in Ohio. Yes No
 - d. Bidder has seventy-five percent or more employees based in Ohio. Yes No
4. Does the Bidder have facilities in one or more of the qualifying border states? Yes No
 Indiana Kentucky Michigan New York Pennsylvania
 - a. The product/services being offered are raised, grown, produced or manufactured in the border state. Yes No
 - b. Bidder has ten or more employees based in the border state. Yes No
 - c. Bidder has seventy-five percent or more employees based in the border state. Yes No
 - d. Mined products are mined in one or more of the following border states. Yes No
 Kentucky Michigan New York Pennsylvania

Note: Questions 1-4 above must be answered in full to qualify for the "Buy Ohio" preference, and to determine if products offered are made in the U.S.A.

This form replaces the former ODOT "Buy Ohio Affidavit". Signatures are not required. Notarization is not required.

\$1,000,000.00 Contract

- Cost of goods sold \$500,000.00
- Overhead for staff, office, etc. \$300,000.00
- Profit \$200,000.00



Cost of Goods Sold: \$500,000.00

- What impact can this have on the state economy?
 1. Where is this money going?
 - a. In state or out of state?
 2. The whole process for items 1 and 2 start over.
 - a. In country or out of country?



Overhead: \$300,000.00

1. Rent and utilities \$100,000.00
 - a. No real payback to state
2. Salaries \$200,000.00
 - a. State tax- Large form of revenue to state budget
 - b. Average 4.402% ** = \$8,804.00 back to state

** $\$40,000.00 - \$80,000.00 = 4.109\%$

$\$80,000.00 - \$100,000.00 = 4.695\%$



Profit: \$ 200,000.00

- Where is this spent?
 - A. Investment. Profit is taxable
 - B. Wage increase or bonus. Both adds back as tax.
 - C. Local spending. Economic growth



A close up of three different Buy Ohio options

- **Company A:** Qualifies by 10 associates in a border state
- **Company B:** Qualifies by 10 associates in Ohio
- **Company C:** Qualifies by all items on Buy Ohio form.

Example \$1,000,000.00 contract with State of Ohio



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1. Buy America, Domestic Preference

a. The product/service being offered are mined, raised, grown, produced or manufactured in one of the following countries. Yes No

United States Wisconsin (state) Canada Mexico

b. End product is manufactured outside the United States and at least 50% of the cost of its components are produced, mined, raised, grown or manufactured within the United States. The cost of components may include transportation costs to the place of manufacture and, in the case of components of feign origin, duty whether or not a duty fee entry certificate is issued. Yes No

c. The Bidder hereby certifies that each end product, except the products listed below, is a domestic source end product as defined in the Buy America Act and that components of unknown origin have been considered to have been mined, produced, grown or manufactured outside of the United States.

_____ (Item) _____ (Country of Origin)
_____ (Item) _____ (Country of Origin)

2. The product/services being offered are raised, grown, produced, mined or manufactured in Ohio. Yes No

a. If YES, please list where in Ohio the product is raised, grown, mined or manufactured.

3. If the product is not raised, grown, mined or manufactured on Ohio, the bidder must have a significant economic presence within the State of Ohio.

- a. Bidder pays the required taxes due the State of Ohio. Yes No
- b. Bidder is registered with the Ohio Secretary of State. Yes No
- c. Bidder has ten or more employees based in Ohio. Yes No
- d. Bidder has seventy-five percent or more employees based in Ohio. Yes No

4. Does the Bidder have faculties in one or more of the qualifying border states? Yes No
 Indiana Kentucky Michigan New York Pennsylvania

- a. The product/services being offered are raised, grown, produced, or manufactured in the border state. Yes No
- b. Bidder has ten or more employees based in the border state. Yes No
- c. Bidder has seventy-five percent or more employees based in the border state. Yes No
- d. Mined products are mined in one or more of the following border states. Yes No
 Kentucky Michigan New York Pennsylvania Yes No

Note: Questions 1-4 above must be answered in full to qualify for the "Buy Ohio" preference, and to determine if products offered are made in the U.S.A.

This form replaces the former ODOT "Buy Ohio Affidavit". Signatures are not required. Notarization is not required.

Company A

- Qualifies by having 10 associates in border state.
- 3 associates in Ohio, 10 in Pennsylvania.
- Home office, manufacturing in other states.
- **Cost of Goods Sold:** Little to no pay back to Ohio.
- **Overhead:** 3 salaries tax to Ohio, while 10 to Pennsylvania.
- **Profit:** No pay back to Ohio



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1. Buy America, Domestic Preference

a. The product/service being offered are mined, raised, grown, produced or manufactured in one of the following countries. Yes No

United States Iowa (state) Canada Mexico

b. End product is manufactured outside the United States and at least 50% of the cost of it's components are produced, mined, raised, grown or manufactured within the United States. The cost of components may include transportation costs to the place of manufacture and, in the case of components of feign origin, duty whether or not a duty fee entry certificate is issued. Yes No

c. The Bidder hereby certifies that each end product, except the products listed below, is a domestic source end product as defined in the Buy America Act and that components of unknown origin have been considered to have been mined, produced, grown or manufactured outside of the United States.

_____ (Item) _____ (Country of Origin)

_____ (Item) _____ (Country of Origin)

2. The product/services being offered are raised, grown, produced, mined or manufactured in Ohio.

Yes No

a. If YES, please list where in Ohio the product is raised, grown, mined or manufactured.

3. If the product is not raised, grown, mined or manufactured on Ohio, the bidder must have a significant economic presence within the State of Ohio.

- a. Bidder pays the required taxes due the State of Ohio. Yes No
- b. Bidder is registered with the Ohio Secretary of State. Yes No
- c. Bidder has ten or more employees based in Ohio. Yes No
- d. Bidder has seventy-five percent or more employees based in Ohio. Yes No

4. Does the Bidder have facilities in one or more of the qualifying border states?

Yes No

Indiana Kentucky Michigan New York Pennsylvania

- a. The product/services being offered are raised, grown, produced, or manufactured in the border state. Yes No
 - b. Bidder has ten or more employees based in the border state. Yes No
 - c. Bidder has seventy-five percent or more employees based in the border state. Yes No
 - d. Mined products are mined in one or more of the following border states. Yes No
- Kentucky Michigan New York Pennsylvania Yes No

Note: Questions 1-4 above must be answered in full to qualify for the "Buy Ohio" preference, and to determine if products offered are made in the U.S.A.

This form replaces the former ODOT "Buy Ohio Affidavit". Signatures are not required. Notarization is not required.

Company B

- Qualifies by having 10 associates in Ohio
- Home office, manufacturing in other states
- **Cost of Goods Sold:** Little to no pay back to Ohio
- **Overhead:** 10 salaries tax to Ohio
- **Profit:** No pay back to Ohio



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1. Buy America, Domestic Preference

a. The product/service being offered are mined, raised, grown, produced or manufactured in one of the following countries. Yes No

United States Ohio (state) Canada Mexico

b. End product is manufactured outside the United States and at least 50% of the cost of it's components are produced, mined, raised, grown or manufactured within the United States. The cost of components may include transportation costs to the place of manufacture and, in the case of components of feign origin, duty whether or not a duty fee entry certificate is issued. Yes No

c. The Bidder hereby certifies that each end product, except the products listed below, is a domestic source end product as defined in the Buy America Act and that components of unknown origin have been considered to have been mined, produced, grown or manufactured outside of the United States.

_____ (Item) _____ (Country of Origin)

_____ (Item) _____ (Country of Origin)

2. The product/services being offered are raised, grown, produced, mined or manufactured in Ohio.

Yes No

a. If YES, please list where in Ohio the product is raised, grown, mined or manufactured.

Columbus

3. If the product is not raised, grown, mined or manufactured on Ohio, the bidder must have a significant economic presence within the State of Ohio.

a. Bidder pays the required taxes due the State of Ohio.

Yes No

b. Bidder is registered with the Ohio Secretary of State.

Yes No

c. Bidder has ten or more employees based in Ohio.

Yes No

d. Bidder has seventy-five percent or more employees based in Ohio.

Yes No

4. Does the Bidder have faculties in one or more of the qualifying border states?

Yes No

Indiana Kentucky Michigan New York Pennsylvania

a. The product/services being offered are raised, grown, produced, or manufactured in the border state.

Yes No

b. Bidder has ten or more employees based in the border state.

Yes No

c. Bidder has seventy-five percent or more employees based in the border state.

Yes No

d. Mined products are mined in one or more of the following border states.

Yes No

Kentucky Michigan New York Pennsylvania

Yes No

Note: Questions 1-4 above must be answered in full to qualify for the "Buy Ohio" preference, and to determine if products offered are made in the U.S.A.

This form replaces the former ODOT "Buy Ohio Affidavit". Signatures are not required. Notarization is not required.

Company C

- Qualifies by all items on Buy Ohio Form
- Home office, manufacturing in Ohio
- **Cost of Goods Sold:** Majority pay back to Ohio
- **Overhead:** All salaries tax to Ohio
- **Profit:** Majority pay back to Ohio

Who win's?

- Company A:
 - Very little to Ohio
 - Large amount to Pennsylvania
 - Largest amount to home office and manufacturing states.

Who win's?

- Company B:
 - Small amount to Ohio
 - Largest amount to home office and manufacturing states

Who win's

- Company C:

- OHIO

Ohio beats Recovery Act Deadline

- In an article published on February 24th, 2010 titled "Ohio beats Recovery Act Deadline on Transportation Investments" it is stated that Ohio received \$1.5 billion and ODOT alone received \$935.7 million.

- **WHAT IF?**

\$935,700,000.00 Contract

- Cost of goods sold \$467,850,000.00
- Overhead for staff, office, etc.
\$280,710,000.00
- Profit
\$187,140,000.00



Cost of Goods Sold: \$467,850,000.00

- What impact can this have on the state economy?
 1. Where is this money going?
 - a. In state or out of state?
 2. The whole process for items 1 and 2 start over.
 - a. In country or out of country

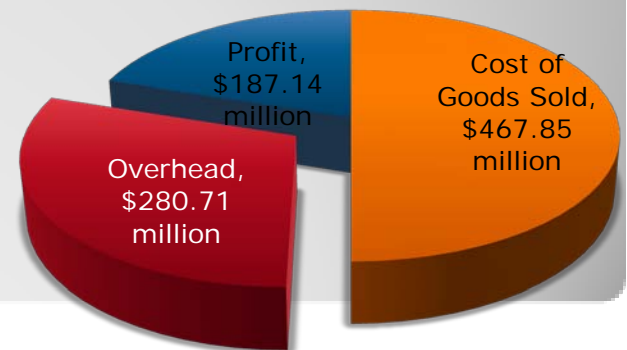


Overhead: \$280,710,000.00

1. Rent and utilities \$93,570,000.00
 - a. No real payback to state

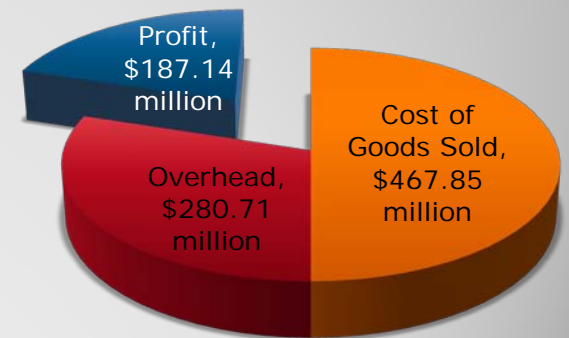
2. Salaries \$187,140,000.00
 - a. State tax- Large form of revenue to state budget
 - b. Average 4.402%^{**} = **\$8,237,902.80 back to state**

^{**} \$40,000.00 - \$80,000.00 = 4.109%
\$80,000.00 - \$100,000.00 = 4.695%



Profit: \$ 187,140,000.00

- Where is this spent?
 - A. Investment. Profit is taxable.
 - B. Wage increase or bonus. Both adds back as tax.
 - C. Local spending. Economic growth.



Questions?