



# U.S. Iron and Steel and Manufactured Goods Requirements

**OFFICE:** Water Supply & Infrastructure  
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<b>INTRODUCTION:</b>	<p>Effective September 1, 2013, Texas Water Code §17.183, requires that a political subdivision include a provision in its construction contracts that iron and steel products and manufactured goods used be produced in the United States when receiving financial assistance from the Texas Water Development Board (TWDB) through any of the following accounts or funds:</p> <ul style="list-style-type: none"><li>• the Texas Water Development Fund II Water Financial Assistance Account;</li><li>• the Economically Distressed Areas Program Account;</li><li>• the Water Infrastructure Fund; or</li><li>• the Rural Water Assistance Fund.</li></ul> <p>This provision requires that iron and steel products and manufactured goods used in the construction contract be produced in the United States, unless:</p> <ul style="list-style-type: none"><li>• the products or goods are not available in sufficient quantities, are not readily available, or are not of a satisfactory quality; or</li><li>• the use of the products or goods will increase the total cost of the project by more than 20 percent.</li></ul>
<b>DEFINITIONS:</b>	<p><b><u>Component</u></b> means any article, material, or supply, whether a manufactured good or raw material, that is directly incorporated into a manufactured good.</p> <p><b><u>Manufactured good</u></b> means an item produced as the result of a manufacturing process.</p> <p><b><u>Manufacturing process</u></b> means the application of a process to alter the form or function of materials or elements of a product in a manner that adds value and transforms the materials or elements so that a new end product is produced that is functionally different from the product that would result from simple assembly of the materials or elements.</p> <p><b><u>Produced in the United States</u></b> means:</p> <ul style="list-style-type: none"><li>• in the case of iron and steel products, products for which all manufacturing processes, from initial melting through application of coatings, take place in the United States, except metallurgical processes that involved the refinement of steel additives; and</li><li>• in the case of a manufactured good, a good for which:<ul style="list-style-type: none"><li>– all of the manufacturing process that produced the manufactured good takes place in the United States; and</li><li>– more than 60 percent of the components of the manufactured good, by cost, originate in the United States.</li></ul></li></ul> <p>If a component originates in the United States, the entire cost of that component contributes to the determination of the percentage of the components of the manufactured good that originate in the United States.</p>

<b>CRITERIA:</b>	This provision applies to funding of applications received after September 1, 2013 for projects which have not previously received TWDB construction funding.
<b>PROCEDURE:</b>	<p>The following procedure shall be utilized for implementation of U.S. Iron and Steel and Manufactured Goods as required by Texas Water Code §17.183</p> <ol style="list-style-type: none"> <li>1. The commitment resolution shall include a condition that the Applicant will abide by all applicable construction contract requirements related to the use of iron and steel products and manufactured goods produced in the United States, as required by Texas Water Code § 17.183.</li> <li>2. The TWDB supplemental conditions to the contract shall include the use of iron and steel products and manufactured goods produced in the United States as follows:  <i>In the execution of the Contract, the Contractor must comply with all applicable Local, State and Federal laws, including but not limited to laws concerned with labor, safety, minimum wages, the environment, and use of iron and steel and manufactured goods made in the United States. The Contractor shall make himself familiar with and at all times shall observe and comply with all Federal, State, and Local laws, ordinances and regulations which in any manner affect the conduct of the work, and shall indemnify and save harmless the Texas Water Development Board against any claim arising from violation of any such law, ordinance or regulation by himself or by his subcontractor or his employees.</i> </li> <li>3. Applicants shall include a reference to the U.S. Iron and Steel and Manufactured Goods provisions on the General Notes Plan Sheet(s).</li> <li>4. The TWDB will not approve a construction contract funded through the above-listed programs without the required language included in the contract documents and notation on the Plans. In addition, it is the responsibility of each Applicant to enforce the provisions of its construction contracts to ensure compliance with this requirement.</li> <li>5. The TWDB will rely upon the Applicant's certification without directing the Applicant on how to achieve the requirements.</li> <li>6. Should the TWDB in the course of its routine business have cause to suspect that the Applicant may not be in compliance with its contractual provisions, the TWDB will communicate with the Applicant. The TWDB will rely upon the Applicant to address any issue as appropriate.</li> <li>7. TWDB will communicate with the Applicant should any issues arise that may affect eligibility for reimbursement of expenses or certification of the project upon completion.</li> <li>8. The TWDB will require the Applicant to provide a certification, after the completion of the construction contract and prior to the issuance of a Certificate of Approval by the TWDB that states the project was completed in compliance with the U.S. Iron and Steel and Manufactured Goods provisions.</li> <li>9. This requirement shall be applied in a manner consistent with this State's obligations under any international agreement.</li> </ol>