

011176996

## SENATE BILL NO. 1212

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws  
on February 19, 2001)

(Patron Prior to Substitute—Senator Hanger)

*A BILL to amend and reenact § 11-35 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 11-35.1, relating to procurement contracts with certain religious organizations.*

**Be it enacted by the General Assembly of Virginia:**

**1. That § 11-35 of the Code of Virginia is amended and reenacted, and that the Code of Virginia is amended by adding a section numbered 11-35.1 as follows:**

§ 11-35. Title; purpose; applicability.

A. This chapter may be cited as the Virginia Public Procurement Act.

B. The purpose of this chapter is to enunciate the public policies pertaining to governmental procurement from nongovernmental sources, to include governmental procurement which may or may not result in monetary consideration for either party. This chapter shall apply whether the consideration is monetary or nonmonetary and regardless of whether the public body, the contractor, or some third party is providing the consideration.

C. The provisions of this chapter, however, shall not apply, except as stipulated in the provisions of §§ 11-35.1, 11-41.1, 11-41.2:2 through 11-41.2:5, 11-49, 11-51, 11-54, 11-56 through 11-61 and 11-72 through 11-80, to any town with a population of less than 3,500 as determined by the last official United States census.

D. Except to the extent adopted by such governing body, the provisions of this chapter also shall not apply, except as stipulated in subsection E, to any county, city or town whose governing body adopts by ordinance or resolution alternative policies and procedures which are based on competitive principles and which are generally applicable to procurement of goods and services by such governing body and the agencies thereof. This exemption shall be applicable only so long as such policies and procedures, or other policies and procedures meeting the requirements of this section, remain in effect in such county, city or town. Such policies and standards may provide for incentive contracting which offers a contractor whose bid is accepted the opportunity to share in any cost savings realized by the locality when project costs are reduced by such contractor, without affecting project quality, during construction of the project. The fee, if any, charged by the project engineer or architect for determining such cost savings shall be paid as a separate cost and shall not be calculated as part of any cost savings.

Except to the extent adopted by such school board, the provisions of this chapter shall not apply, except as stipulated in subsection E, to any school division whose school board adopts by policy or regulation alternative policies and procedures which are based on competitive principles and which are generally applicable to procurement of goods and services by such school board. This exemption shall be applicable only so long as such policies and procedures, or other policies or procedures meeting the requirements of this section, remain in effect in such school division. This provision shall not exempt any school division from any centralized purchasing ordinance duly adopted by a local governing body.

E. Notwithstanding the exemptions set forth in subsection D, the provisions of §§ 11-35.1, 11-41 C, 11-41.1, 11-41.2:2 through 11-41.2:5, 11-46 B, 11-49, 11-51, 11-54, 11-56 through 11-61 and 11-72 through 11-80 shall apply to all counties, cities and school divisions, and to all towns having a population greater than 3,500 in the Commonwealth. The method for procurement of professional services set forth in subdivision 3 a of § 11-37 in the definition of competitive negotiation shall also apply to all counties, cities and school divisions, and to all towns having a population greater than 3,500, where the cost of the professional service is expected to exceed \$30,000 in the aggregate or for the sum of all phases of a contract or project. A school board that makes purchases through its public school foundation or purchases educational technology through its educational technology foundation, either as may be established pursuant to § 22.1-212.2:2 shall be exempt from the provisions of this chapter, except, relative to such purchases, the school board shall comply with the provisions of §§ 11-51 and 11-72 through 11-80; however, a school board that makes purchases through its public school foundation established pursuant § 22.1-212.2:2 shall not be exempt from the provisions of this chapter.

F. The provisions of this chapter shall not apply to those contracts entered into prior to January 1, 1983, which shall continue to be governed by the laws in effect at the time those contracts were executed.

G. To the end that public bodies in the Commonwealth obtain high quality goods and services at reasonable cost, that all procurement procedures be conducted in a fair and impartial manner with

avoidance of any impropriety or appearance of impropriety, that all qualified vendors have access to public business and that no offeror be arbitrarily or capriciously excluded, it is the intent of the General Assembly that competition be sought to the maximum feasible degree, that procurement procedures involve openness and administrative efficiency, that individual public bodies enjoy broad flexibility in fashioning details of such competition, that the rules governing contract awards be made clear in advance of the competition, that specifications reflect the procurement needs of the purchasing body rather than being drawn to favor a particular vendor, and that the purchaser and vendor freely exchange information concerning what is sought to be procured and what is offered. Public bodies may consider best value concepts when procuring goods and nonprofessional services, but not construction or professional services. The criteria, factors, and basis for consideration of best value and the process for the consideration of best value shall be as stated in the procurement solicitation.

H. Notwithstanding the foregoing provisions of this section, the selection of services by the Virginia Retirement System related to the management, purchase or sale of authorized investments, including but not limited to actuarial services, shall be governed by the standard set forth in § 51.1-124.30 and shall not be subject to the provisions of this chapter.

I. The provisions of this chapter shall apply to procurement of any construction or planning and design services for construction by a Virginia not-for-profit corporation or organization not otherwise specifically exempted when the planning, design or construction is funded by state appropriations greater than \$10,000 unless the Virginia not-for-profit corporation or organization is obligated to conform to procurement procedures which are established by federal statutes or regulations, whether or not those federal procedures are in conformance with the provisions of this chapter.

J. The provisions of this chapter shall not apply to items purchased by public institutions of higher education for resale at retail bookstores and similar retail outlets operated by such institution. However, such purchase procedures shall provide for competition where practicable.

K. The provisions of this chapter shall not apply to the Virginia Port Authority in the exercise of any of its powers in accordance with Chapter 10 (§ 62.1-128 et seq.) of Title 62.1, provided the Authority implements, by policy or regulation adopted by the Board of Commissioners and approved by the Department of General Services, procedures to ensure fairness and competitiveness in the procurement of goods and services and in the administration of its capital outlay program. This exemption shall be applicable only so long as such policies and procedures meeting the requirements remain in effect.

L. Notwithstanding the foregoing provisions of this section, the selection of services by the Board of the Virginia College Savings Plan related to the operation and administration of the Plan, including, but not limited to, contracts or agreements for the management, purchase, or sale of authorized investments or actuarial, record-keeping, or consulting services, shall be governed by the standard set forth in § 23-38.80 and shall not be subject to the provisions of this chapter.

M. Notwithstanding the provisions of this section, the selection of services by the University of Virginia related to the management and investment of its endowment funds shall be governed by the Uniform Management of Institutional Funds Act (§ 55-268.1 et seq.) as required by § 23-76.1 and shall not be subject to the provisions of this chapter.

N. Notwithstanding the provisions of this section, the selection of investment management services by the State Treasurer related to the external management of funds shall be governed by the standard set forth in § 2.1-328.14, and shall be subject to competitive guidelines and policies that are set by the Commonwealth Treasury Board and approved by the Department of General Services; and not be subject to the provisions of this chapter.

*§ 11-35.1. Permitted contracts with certain religious organizations; purpose; limitations.*

A. It is the intent of the General Assembly, in accordance with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193, to authorize public bodies to enter into contracts with faith-based organizations for the purposes described in this section on the same basis as any other nongovernmental source without impairing the religious character of such organization, and without diminishing the religious freedom of the beneficiaries of assistance provided under this section.

B. For the purposes of this section, "faith-based organization" means a religious organization that is or applies to be a contractor to provide goods or services for programs funded by the block grant provided pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193.

C. Public bodies, in procuring goods or services, or in making disbursements pursuant to this section, shall not (i) discriminate against a faith-based organization on the basis of the organization's religious character or (ii) impose conditions that (a) restrict the religious character of the faith-based organization, except as provided in subsection F, or (b) impair, diminish, or discourage the exercise of religious freedom by the recipients of such goods, services, or disbursements.

D. Public bodies shall ensure that all invitations to bid, requests for proposals, contracts, and purchase orders prominently display a nondiscrimination statement indicating that the public body does not discriminate against faith-based organizations.

122 E. A faith-based organization contracting with a public body (i) shall not discriminate against any  
123 recipient of goods, services, or disbursements made pursuant to a contract authorized by this section on  
124 the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on  
125 the basis of race, age, color, gender or national origin and (ii) shall be subject to the same rules as  
126 other organizations that contract with public bodies to account for the use of the funds provided;  
127 however, if the faith-based organization segregates public funds into separate accounts, only the  
128 accounts and programs funded with public funds shall be subject to audit by the public body. Nothing in  
129 clause (ii) shall be construed to supercede or otherwise override any other applicable state law.

130 F. Consistent with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,  
131 P.L. 104-193, funds provided for expenditure pursuant to contracts with public bodies shall not be spent  
132 for sectarian worship, instruction, or proselytizing; however, this prohibition shall not apply to  
133 expenditures pursuant to contracts, if any, for the services of chaplains.

134 G. Nothing in this section shall be construed as barring or prohibiting a faith-based organization  
135 from any opportunity to make a bid or proposal or contract on the grounds that the faith-based  
136 organization has exercised the right, as expressed in 42 U.S.C. (Section 2000e-1 et seq.), to employ  
137 persons of a particular religion.

138 H. If an individual, who applies for or receives goods, services, or disbursements provided pursuant  
139 to a contract between a public body and a faith-based organization, objects to the religious character of  
140 the faith-based organization from which the individual receives or would receive the goods, services, or  
141 disbursements, the public body shall offer the individual, within a reasonable period of time after the  
142 date of his objection, access to equivalent goods, services, or disbursements from an alternative  
143 provider.

144 The public body shall provide to each individual who applies for or receives goods, services, or  
145 disbursements provided pursuant to a contract between a public body and a faith-based organization a  
146 notice in bold face type that states: "Neither the public body's selection of a charitable or faith-based  
147 provider of services nor the expenditure of funds under this contract is an endorsement of the provider's  
148 charitable or religious character, practices, or expression. No provider of services may discriminate  
149 against you on the basis of religion, a religious belief, or your refusal to actively participate in a  
150 religious practice. If you object to a particular provider because of its religious character, you may  
151 request assignment to a different provider. If you believe that your rights have been violated, please  
152 discuss the complaint with your provider or notify the appropriate person as indicated in this form."