

Department of Planning and Budget 2004 Fiscal Impact Statement

1. **Bill Number** HB73

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron** Reese

3. **Committee**

4. **Title** Contractor Fraud Debarment Act of 2004

5. **Summary/Purpose:**

Requires a public body to institute a three-year debarment from all types of contracting by a contractor if it finds that the contractor or any managerial officer of such contractor is the subject of; (i) a felony conviction for criminal violations of securities laws, (ii) a civil penalty of not less than \$500,000 for civil violation of securities laws, (iii) a final award, by either judgment or settlement, of monetary damages equal to or exceeding \$5 million, stemming from alleged violations of securities laws, or (iv) a filing of bankruptcy under the federal bankruptcy statutes if the underlying cause for the condition of bankruptcy has resulted in whole or in part from the commission of fraud in accounting practices or corporate governance. The bill also defines "securities laws" and "contractor." In addition, the bill requires all contracts of public bodies over \$10,000 to contain a certification by the contractor that the contractor is not barred from being awarded a contract pursuant to debarment provisions of the Virginia Public Procurement Act.

6. Fiscal Impact Estimates could not be determined (See Item 8).

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** This proposal requires all public bodies to set up written procedures for debarment of prospective contractors under certain conditions and to include a contractor certification statement for contracts over \$10,000. There could be a negligible fiscal impact that should be absorbed within existing fiscal programs by the public bodies to establish the procedures and include the certification in the contract package.

9. **Specific agency or political subdivisions affected:** All public agencies and contractors pursuing public contracts exceeding \$10,000.

10. **Technical amendment necessary:** No

11. **Other comments:** None

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cc: Secretary of Administration