

Department of Planning and Budget
2005 Fiscal Impact Statement

1. Bill Number HB2556

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Cline

3. Committee General Laws

4. Title Procurement of services by certain state agencies.

5. Summary/Purpose: Requires the Division of Purchases and Supply (DPS) of the Department of General Services (DGS), by regulation, to require all state agencies, except two and four-year public institutions of higher education, to procure services from the private sector if the services are listed as a commercial activity on the commercial activities list developed by the Commonwealth Competition Council in accordance with § 2.2-2622. The bill also provides an exception to the requirement that government cease performing services that can be obtained from a commercial source where the state agency, upon a written determination, finds that the procurement of services from a commercial source is either not practicable or fiscally advantageous. The bill also requires that beginning July 1, 2005, the Commonwealth Competition Council annually update its commercial activities list.

6. Fiscal Impact Estimates are: Indeterminate, (see Item 8.)

7. Budget amendment necessary: Possibly, (see Item 8.)

8. Fiscal implications: Indeterminate. This bill would add an additional step in the procurement process by requiring most state agencies to search for commercial activities from a list developed by the Commonwealth Competition Council. The list is extensive and covers almost any service/function now being accomplished internally by the state. Given the comprehensive nature of the list, it is estimated that every agency would have several activities that would require analysis to determine whether it is not practicable or fiscally advantageous to procure from the private sector. State agencies are neither funded nor staffed to accomplish this task. In order to accomplish this task it is possible that outside consultants and additional appropriations would be required, resulting in additional costs and time delays in the procurement process.

9. Specific agency or political subdivisions affected: All state agencies, except two and four-year public institutions of higher education.

10. Technical amendment necessary: No.

11. Other comments: None

Date: 01/20/05 / rtb

Document: (DPB F:RTB/FIS/HB2556.DOC)

cc: Secretary of Finance

Secretary of Administration