

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** SB658

**House of Origin** ☐ Introduced ☐ Substitute ☐ Engrossed

**Second House** ☒ In Committee ☐ Substitute ☐ Enrolled

**2. Patron:** Ruff

**3. Committee:** General Laws and Technology

**4. Title:** Virginia Public Procurement Act; establishment of Historically Underutilized Business Zones (HUB Zones) in the state.

**5. Summary/Purpose:** Establishes in the Virginia Public Procurement Act (VPPA) Virginia HUBZones and grants the Governor or a chief executive of a local governing body the ability to establish enhancement or remedial measures for HUBZones. The legislation requires the Department of General Services (DGS) and the Virginia Information Technologies Agency (VITA) to develop programs to facilitate the participation of small businesses located in historically underutilized business zones (HUBZones) in Virginia. The bill defines a Virginia HUBZone.

**6. Fiscal impact:** See Item 7.

**7. Budget amendment necessary:** No additional funding is required. The impacted agencies indicate that they can absorb all costs.

**8. Fiscal implications:**

The electronic procurement system (eVA) administered by the Department of General Services (DGS) may require an upgrade to accommodate the procurement requirement. Any upgrades would be funded from eVA fees (nongeneral fund).

The Department of Minority Business Enterprise (DMBE) must implement the HUBZone program and track data in the agency's database system, resulting in a one-time cost of approximately \$60,000, which the agency will absorb from its existing budget as part of on-going modifications to its database and dashboard. Two existing positions certification positions, with an annual cost of \$130,000, will be tasked to include HUB Zone firms in the expanded certification process.

The Virginia Information Technologies Agency (VITA) anticipates using one existing position at an annual cost of \$100,000 to develop and promulgate policies in the first year. Tasks include:

- Setting up solicitation form changes, contract changes, reporting
- Reporting, metrics, supplier communication and development
- Training and communications to customer agencies and suppliers

This same position will administer, maintain, and communicate policies and be responsible for marketing, training, supplier training and communication, data collection, analysis and reporting.

- 9. Specific agency or political subdivisions affected:** All state agencies **except** Level III (VT, UVA, W&M and VCU) and Level II (RU, VMI, JMU, LU, and ODU) Institutions operating under Management Agreements and Memorandums of Understanding. These institutions are not subject to the Virginia Public Procurement Act and do not fall under the authority of DGS/ DPS.

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 03/08/2010

cc: Secretary of Administration