Department of Planning and Budget
2011 Fiscal Impact Statement

1. **Bill Number:** HB1549

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

2. **Patron:** Kory

3. **Committee:** Referral Pending

4. **Title:** Purchase of Virginia-grown food products by state agencies and institutions and local school divisions

5. **Summary:** This bill provides for the Department of General Services/Division of Purchases and Supply (DGS/DPS) to establish procurement procedures to facilitate the purchase of Virginia-grown food products by state agencies and institutions and local public school divisions to the maximum extent possible. Te bill also provides local school divisions an exemption from competition when procuring Virginia-grown food products for student consumption.

6. **Budget Amendment Necessary**: No.

7. **Fiscal Impact Estimates:** See Item 8.

8. **Fiscal Implications:** Establishment of procurement procedures requiring state agencies and institutions to purchase Virginia-grown food products would create an in-state preference. In-state preferences limit competition and may result in increased supply costs for agencies and school division customers.

   Additionally in-state preferences will foster reciprocity from other states. If reciprocity is imposed on Virginia businesses by other states, it will likely reduce out of state sales and result in a reduction to revenues which will reduce taxes paid to the Commonwealth and harm Virginia vendors doing business in other states.

9. **Specific Agency or Political Subdivisions Affected:** All executive branch agencies (excluding Level III institutions (Virginia Tech, William & Mary and Virginia Commonwealth Universities) and Level II institutions (Virginia Military Institute, Radford, James Madison, George Mason, and Old Dominion Universities) operating under Management Agreements and Memorandums of Understanding), and local school divisions.

10. **Technical Amendment Necessary:** No

11. **Other Comments:** None

Date: 1/11/11
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