

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB1929

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: Marshall, D.

3. Committee: General Laws

4. Title: Price matching by Virginia Businesses

5. Summary: Provides that whenever the lowest responsive and responsible bidder is a resident of any other state, and the difference between such bidder's bid and the bid of the next lowest responsive and responsible bidder who is a resident of Virginia is no more than five percent or \$10,000, the Virginia bidder shall be given the opportunity to match the bid of the out-of-state bidder. If the Virginia bidder matches the out-of-state bid, the contract shall be awarded to the Virginia bidder. The bill requires the Division of Purchases and Supply to develop price match procedures.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate (see item 8)

8. Fiscal Implications: Establishment of procurement procedures allowing state agencies and institutions to match prices from an out-of-state bidder would create an in-state preference. In-state preferences could limit competition and may result in increased supply costs for agencies.

Preferences could dilute the Commonwealth's ability to leverage its buying power, decreases competition, and increases the cost of goods and services. This bill reduces the incentive for VA bidders to submit their best prices knowing they may have an opportunity to match a lower price from an out-of-state bidder. In-state preferences limit competition and increase cost. Preferences increase administrative processing time and delay procurement awards.

In-state preferences could 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 (VT, UVA, W&M, and VCU) and Level II (RU, VMI, JMU,

GMU, and ODU) institutions operating under Management Agreements and Memorandums of Understanding).

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/19/11

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c: Secretary of Administration