

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** HB1145

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

**2. Patron:** Sherwood

**3. Committee:** General Laws

**4. Title:** Virginia Public Procurement Act; preference for local businesses.

**5. Summary:** Allows a locality to give a procurement preference to persons, firms, or corporations having principal places of business in the locality if such bidder's bid is within five percent of the lowest bid. The bill provides that prior to awarding a contract under the preference, the locality must certify in writing that (i) exercising the preference provides goods, services, and construction comparable in quality to that of other non-local bids and (ii) using a local business provides beneficial economic effects in the community through creating and sustaining local jobs and by generating local tax revenues.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** Indeterminate

**8. Fiscal Implications:** Establishment of procurement procedures allowing a locality to give a procurement preference to persons, firms, or corporations having principal places of business in the locality if such bidder's bid is within five percent of the lowest bid could limit competition and result in the increased costs of goods and services. In addition, preference procurements can increase administrative processing time and delay procurement awards, resulting in increased resource costs for all public bodies falling under the Virginia Public Procurement Act.

**9. Specific Agency or Political Subdivisions Affected:** Counties, Cities and Towns.

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/18/12

**Document:**

c: Secretary of Administration