

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: SB572

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: Vogel

3. Committee: General Laws and Technology

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: Procurement preferences can 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.

Although this legislation addresses only localities, the cost of state procurement could also increase if an out-of-state vendor who decides not to compete in a locality because of the preference also decides not to compete at the state level too.

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

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/24/12

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