

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** SB589

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

**2. Patron:** Deeds

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

**4. Title:** Virginia Public Procurement Act; resident employment and apprenticeship participation; required contract provisions

**5. Summary:** Requires all public bodies to include in every contract of more than \$100,000 that involves the performance of work within the Commonwealth provisions requiring the contractor to agree (i) that 51 percent of all positions created in performance of the contract be filled by Virginia residents, (ii) that 35 percent of the total hours worked by apprentices in positions created in performance of the contract be performed by Virginia residents, and (iii) to use the Virginia Employment Commission as the first source of referral for obtaining qualified applicants for any new position. Under the bill, 'new position' shall not include a position that is filled by a current employee of the contractor or an individual who was previously laid off by the contractor.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** Indeterminate

**8. Fiscal Implications:** Procurement preferences can limit competition and result in increased costs of goods and services. In addition, preference procurements can increase administrative processing time and delay procurement awards.

It is unknown what the cost impact will be on vendors to comply with the employee requirement. If vendor costs increase to comply with the employee and reporting requirements, the cost increase may be shifted to the purchasing public body.

**9. Specific Agency or Political Subdivisions Affected:** Department of General Services, Virginia Employment Commission, all public bodies subject to the Virginia Public Procurement Act.

**10. Technical Amendment Necessary:** No

**11. Other Comments:** Same as HB1232

**Date:** 1/25/12  
**Document:**

