

Department of Planning and Budget 2015 Fiscal Impact Statement

1. **Bill Number:** HB1917

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. **Patron:** LeMunyon

3. **Committee:** Passed Both Houses

4. **Title:** Certain contracts between governmental agencies prohibited.

5. **Summary:** Prohibits contracts between governmental agencies (state and local) for the procurement of services in excess of \$25,000 that are on the commercial activities list unless they are first posted on the Department of General Services' central electronic procurement system under the "Future Procurement" listing. The provisions of this bill would not apply to the purchases of services found on the commercial activities list from another governmental agency that occurred before July 1, 2015, unless and until said service contract is renewed. The bill defines commercial activities list and governmental agency.

6. **Budget Amendment Necessary:** Unknown

7. **Fiscal Impact Estimates:** Final (see Item 8)

8. **Fiscal Implications:** The substitute bill requires that all state and local governmental agencies that intend to purchase services for an amount over \$25,000 from another governmental agency and is also found on the commercial activities list, shall post notice on the Department of General Services' central electronic procurement system under the "Future Procurement" listing. The commercial activities list covers many services currently being accomplished by state agencies with state resources. The commercial activities list was developed in the 1990's to determine which activities performed by state agencies could be privatized.

The bill would impact how the state currently operates services through the use of internal service funds which allow central service agencies to provide services to other state agencies, institutions, or other governmental units on a cost-reimbursed basis. Services provided by these agencies through internal service funds or other similar arrangements that would be impacted by this bill include but are not limited to maintenance of state buildings, human resources activities, payroll, as well as the current practice for providing information technology functions through the Virginia Information Technologies Authority (VITA).

9. **Specific Agency or Political Subdivisions Affected:** All state agencies and institutions.

10. Technical Amendment Necessary: No