

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** HB193

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

**2. Patron:**    Bell, Richard P.

**3. Committee:** General Laws

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

**5. Summary:** Provides a bid match preference for Virginia businesses. Under the bill, for contracts of \$5,000 or more, a Virginia business has an opportunity to match the lowest bid of an out-of-state bidder if the bid of a Virginia business is within five percent of the lowest bid of an out-of-state bidder.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary; fiscal impact is indeterminate. See Item 8.

**8. Fiscal Implications:** The impact of this bill is indeterminate. The bill establishes an in-state procurement preference, requiring public bodies to allow Virginia bidders to match the lowest bid of an out-of-state bidder for contracts of \$5,000 or more if the Virginia bidder's price is within five percent of the lowest bid. This process will likely increase administrative processing time and delay procurement awards, which could increase the procurement administration costs of public bodies subject to the Virginia Public Procurement Act (VPPA). It could also potentially reduce the incentive for Virginia bidders to submit their best prices knowing they may have an opportunity to match a lower price from an out-of-state bidder.

The procurement laws of some states would allow reciprocal treatment of in-state preference to be imposed on Virginia businesses when competing for procurements in those states. If reciprocity is imposed on Virginia businesses by other states, it could affect out-of-state sales.

**9. Specific Agency or Political Subdivisions Affected:** Department of General Services and all state and local public bodies unless the body has received an exemption from the VPPA, such as through the Higher Education Restructuring Act or the Appropriation Act.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

Date: 1/26/2018