

Department of Planning and Budget 2018 Fiscal Impact Statement

1. **Bill Number:** SB584

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

2. **Patron:** DeSteph

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

4. **Title:** Virginia Public Procurement Act; service disabled veteran businesses procurement enhancement.

5. **Summary:** This bill establishes a statewide service disabled veteran business procurement enhancement program. The bill establishes a statewide goal of five percent service disabled veteran business utilization in all discretionary spending by state agencies in procurement orders, prime contracts, and subcontracts.

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

7. **Fiscal Impact Estimates:** Indeterminate, See item 8.

8. **Fiscal Implications:** The expenditure impact of this bill to state agencies and institutions of higher education subject to the Virginia Public Procurement Act (VPPA) is indeterminate. At this time, any expenditure impact to the Virginia Information Technologies Agency (VITA) is unknown. The Department of Small Business and Supplier Diversity (DSBSD) has noted that discretionary spending in Virginia exceeded \$6 billion last fiscal year. Thus, the five percent goal established in this bill could result in a \$300 million spend goal across state agencies.

9. **Specific Agency or Political Subdivisions Affected:** Agencies that are subject VPPA, excluding bodies that have 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:** Agencies are required to set-aside procurements up to and including \$100,000 to DSBSD-certified small businesses if available and the price is fair and reasonable. The Department of General Services (DGS) has indicated that service disabled veteran businesses that are certified as small businesses are included in this set-aside. This bill would establish an additional set-aside requirement for service disabled businesses. It is unknown if there would be a priority on which set-aside would take priority over the other.

DGS has indicated that there are 170 certified service disabled veteran businesses registered in the Central electronic procurement system. It is unknown whether there will be an adequate source of supply of service disabled veteran owned businesses to achieve the five percent goal of discretionary spending by all state agencies.