

Department of Planning and Budget

2019 Fiscal Impact Statement

1. Bill Number: HB2475

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: Torian

3. Committee: General Laws

4. Title: Virginia Public Procurement Act; use of competitive negotiation for construction; exemption from certain requirements related contracting for public works.

5. Summary: This bill requires that competitive negotiation be used for construction projects where the project cost is expected to be more than \$500,000. Under current law, construction may be procured only by competitive sealed bidding, except (i) when procured by a public body on a fixed price design-build basis or construction management basis as permitted by law or (ii) when procured by a public body for the construction of highways and any draining, dredging, excavation, grading, or similar work upon real property under certain circumstances. The bill also exempts contracts for the construction of public works where the project cost is expected to be more than \$500,000 from certain provisions relating to state agency agreements with labor organizations.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate, see Item 8.

8. Fiscal Implications: The fiscal impact of this bill is indeterminate. Prohibiting the use of competitive sealed bidding on construction projects greater than \$500,000 and requiring the use of fixed price design-build (D-B) or construction management (CM) may cause an increase in cost and completion time.

9. Specific Agency or Political Subdivisions Affected: All public bodies subject to the Virginia Public Procurement Act (VPPA). This bill does not apply to higher education institutions operating under Management Agreements and Memoranda of Understanding in the operational area of procurement (currently eleven Level III and Level II institutions). Portions of the bill only apply to state public bodies

10. Technical Amendment Necessary: No

11. Other Comments: None