

Department of Planning and Budget

2019 Fiscal Impact Statement

1. **Bill Number:** HB2804

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:** LaRock

3. **Committee:** General Laws

4. **Title:** Virginia Public Procurement Act; professional and information technology project services contract; verification of work.

5. **Summary:** This bill requires state agencies contracting for professional and information technology project services to include provisions in such contracts that require contractors to install software that allows for verification of the number of hours worked on a project using a computer. The bill requires such software to be procured by the contractor and provides that data collected belongs to the contractor; however, the contractor is required to provide access to data the contracting state agency under certain terms and for a period of seven years.

6. **Budget Amendment Necessary:** No

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

8. **Fiscal Implications:** The state fiscal impact of this bill is indeterminate.

Virginia Information Technologies Agency (VITA): If enacted, this legislation may increase the cost to agencies contracting for IT services resulting from the additional requirements the bill places on suppliers. However, any impact on cost that may result from this legislation is unknown at this time. In addition, the required tracking software would likely be installed on Commonwealth devices and/or access the Commonwealth's environment as agencies enter into new IT/professional services contracts. This may also result in an unknown cost for VITA resulting from its IT infrastructure providers installing and managing the software.

Department of General Services (DGS): The bill will require all IT contractors and Professional Services contractors to use verification software to demonstrate that the hours billed for work under a contract that is performed on a computer are legitimate. This may increase cost for contractors and could pass those costs on to the Commonwealth. This may also deter businesses from competing, including small businesses, which may lead to reduced competition which could also increase cost.

9. Specific Agency or Political Subdivisions Affected: This bill, as written, applies to all public bodies subject to the Virginia Public Procurement Act (VPPA). It is unclear if this bill applies 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) or local governments.

10. Technical Amendment Necessary: No.

11. Other Comments: None.