

Department of Planning and Budget

2021 Fiscal Impact Statement

1. Bill Number: HB2288

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: Williams Graves

3. Committee: General Laws

4. Title: Virginia Public Procurement Act; construction contracts; requirement to submit list of subcontract

5. Summary: Requires bidders or offerors on contracts for construction of \$250,000 or more to submit along with their bid or proposal a list of all subcontractors, regardless of tier, that the bidder or offeror will use on the contract to perform work valued at \$50,000 or more, including labor and materials. The bill requires such list to include certain information about each contractor. The bill also requires the bidder or offer to submit (i) a statement declaring that the bidder or offeror has reviewed the qualifications and performance history of each subcontractor and found such qualifications and performance history to be sufficient to qualify the subcontractor to perform the subcontract work and (ii) a statement indicating that the bidder or offeror has received a written statement from each subcontractor verifying that such subcontractor (a) has not defaulted on any projects within the last three years, (b) has not been suspended or disbarred by any public body within the last three years, and (c) is not currently in bankruptcy. The bill allows the public body to disqualify listed subcontractors, but requires the public body to notify the bidder or offeror of such disqualification and allow the bidder or offeror reasonable time to find a qualified replacement. The bill provides that any bidder or offeror that does not submit the required list and statements will have its bid or proposal disqualified, and any bidder or offeror that is found to have knowingly provided false information pursuant to this section shall be debarred from contracting with any public body for a period of up to one year.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: This legislation adds administrative requirements to contractors and subcontractors bidding on construction contracts of \$250,000 or greater. To the extent that such requirements may increase contractors' operating costs, the contractors may pass those costs along to the public body contracting for the work. Such costs are currently indeterminate.

9. Specific Agency or Political Subdivisions Affected: This bill as written applies to all public bodies subject to the Virginia Public Procurement Act issuing construction contracts of \$250,000 or more. 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). Additionally, the bill will not apply to local governments that have exempted themselves from the VPPA as authorized by V. Code §2.2-4343 (9, 10, 11).

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: January 22, 2021

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