

## Department of Planning and Budget 2021 Fiscal Impact Statement

1. **Bill Number:** SB1305

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

2. **Patron:**    McPike

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

4. **Title:**    Virginia Public Procurement Act; public works contracts; subcontractor workforce requirements.

5. **Summary:** Requires all public bodies and covered institutions, defined in the bill, to include in every public works contract of more than \$250,000 certain provisions related to the outsourcing of subcontracted work, which contractor shall agree to during the performance of such contract. Such provisions mandate that a contractor shall only utilize subcontractors that certify in writing to the contract that they will outsource no more than 10 percent of the cost of the work subcontracted for, excluding the provision of materials, with specified exceptions. The bill provides that any contractor that violates the provisions of the bill may be debarred for up to one year or disqualified from the project and may be responsible for liquidated damages for any related delays in the project.

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

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

8. **Fiscal Implications:** This legislation adds administrative requirements to contractors working on public works 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. It also applies to any public institution of higher education operating (i) subject to a management agreement set forth in Article 4 (§23.1-1004 et seq.) of Chapter 10 of Title 23.1, (ii) under a memorandum pursuant to §23.1-1003, or (iii) under the pilot program authorized in the appropriation act.

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

11. **Other Comments:** None.

Date: January 19, 2021

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