

## Department of Planning and Budget 2021 Fiscal Impact Statement

**1. Bill Number:** HB1849

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Simonds

**3. Committee:** General Laws

**4. Title:** Virginia Public Procurement Act; participation in apprenticeship training programs.

**5. Summary:** Requires all public bodies to include in every contract for construction over \$250,000 provisions requiring the contractor, during the performance of the contract, to participate in an apprenticeship training program for each separate trade or classification program in which it employs construction employees. The bill also requires such contractors to include the same provision in all subcontracts over \$50,000 so that such provisions will also be binding upon each subcontractor.

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

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

**8. Fiscal Implications:** This fiscal impact of this legislation is indeterminate, but is likely to affect the available vendor pool and therefore could affect competition and price on contracts. Per information from the Department of General Services (DGS) and the Department of Labor and Industry (DOLI), some companies may not be large enough to sponsor an apprenticeship program and therefore could not compete. Additionally, new companies that have not graduated apprentices to journeyman status in at least three of the past five years would also be excluded from competing.

DGS and DOLI also note that the bill may create an in-state procurement preference. While the bill allows contractors to participate in a program registered with the U.S. Department of Labor, companies typically opt to register either with the U.S. Department of Labor or a state apprenticeship program if offered in their state, but not both. Therefore, out of state businesses registered with their home-state's apprenticeship program would be excluded from bidding on these Virginia contracts. The procurement laws of some states would allow reciprocal treatment of in-state preference to be imposed on Virginia businesses when competing for procurements in those states. If reciprocity is imposed on Virginia businesses by other states, it could affect out-of-state sales.

**9. Specific Agency or Political Subdivisions Affected:** This bill as written applies to 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). Additionally, this bill will not apply to local governments that have exempted themselves from the VPPA as authorized by Va. Code §2.2-4343(9, 10, 11).

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

**11. Other Comments:** None.

Date: January 20, 2021

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