

Department of Planning and Budget 2001 Fiscal Impact Statement

1. Bill Number SB1351

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron Ticer

3. Committee General Laws

4. Title Advantage Virginia Electronic Procurement Program.

5. **Summary/Purpose:** The purpose of this legislation is to create a special, non-reverting fund within the State Treasury from which \$5,000 grants could be made to small Virginia businesses that want to be listed on the United States General Services Administration's (GSA) authorized electronic procurement web-sites. This special fund, which will be known as the Advantage Virginia Electronic Procurement (AVEP) Program, would be administered by the Innovative Technology Authority (ITA) and composed of any funds the General Assembly may appropriate to it as well as any gifts, grants, or donations made by other public and private entities. To qualify for a grant, a small Virginia business would be required to have been approved by the GSA for listing on the Federal Supply Schedule, which is a list of federally-approved vendors, and agree to use the grant for listing its products on such "Virginia-based private sector web-sites as are authorized by the federal government to provide electronic [] procurement activities for the full range of GSA listed products and services." Beneficiaries of the grants would be responsible for any maintenance fees associated with their continued listing on the GSA procurement web-sites. This legislation includes provisions for its expiration on July 1, 2004.

6. **Fiscal Impact is** INDETERMINATE

7. **Budget amendment necessary:** Yes, a budget amendment to Item 504 of Chapter 1073 would likely be necessary to implement this legislation.

8. **Fiscal implications:** This legislation's fiscal impact cannot be determined, because there is no way to determine how many small Virginia businesses would participate in the AVEP program. Currently, there are thousands of small businesses operating within Virginia that might be able to provide goods or services to the federal government. Many of these businesses would, however, lack the Internet presence necessary to respond to the federal government's electronic procurement actions. Because electronic procurement can reduce the costs of procurement actions for both the buyer and the seller, businesses that have developed an electronic procurement capability are thought to have a significant competitive advantage over those businesses that have not developed this capability. Consequently, it is extremely likely that if this legislation were adopted, that many businesses would attempt to qualify for these grants. Consequently, the program's total cost is much more likely to be determined by the level of appropriations made to the AVEP fund than any other metric.

In addition, it is likely that the ITA would also incur some costs for administering this program. These costs are also indeterminate, because the workload impact of this legislation would likely be tied to the

number of applications filed by small businesses interested in AVEP grants. Furthermore, because the Commonwealth's agencies and institutions, with the exception of the law enforcement agencies involved in drug interdiction efforts, are not permitted to buy goods and services from the GSA's Federal Supply Schedule, this legislation would have no impact on the Commonwealth's costs for goods and services.

9. Specific agency or political subdivisions affected: This legislation would appear to affect the Innovative Technology Authority, the Department of the Treasury, the Department of Accounts, and the Joint Commission on Technology and Science. Although the legislation states the Innovative Technology Authority would administer the AVEP program, it states that grants will be made to small Virginia businesses by the State Treasurer on warrants issued by the State Comptroller. In addition, the legislation states that the Innovative Technology Authority will report upon the implementation of this program to the Joint Commission on Technology and Science and will recommend whether the program should be continued or eliminated.

10. Technical amendment necessary: No.

11. Other comments: None.

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cc: Secretary of Administration
Secretary of Finance

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