

## Department of General Services 2011 Fiscal Impact Statement

**1. Bill Number:** HB1951

<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:** Villanueva, R.

**3. Committee:** General Laws

**4. Title:** Virginia Public Procurement Act; bid, performance, and payment bonds.

**5. Summary:** Raises the minimum contract amount required for bid, performance, or payment bonds to \$1 million. Currently the minimum contract amounts are generally \$100,000 for nontransportation-related construction contracts and \$250,000 for transportation-related projects partially or wholly funded by the Commonwealth.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:**

**7a. Expenditure Impact:** Cannot be determined, see question 8.

**8. Fiscal Implications:** This bill allows public bodies increased flexibility to determine when bid, performance, or payment bonds are required for construction projects. When a contractor has to purchase bonds those costs are included in the price the Commonwealth has to pay for the project. This bill also has the potential to increase competition for projects because smaller contractors that have difficulty securing bonds at reasonable prices because of the size and resources of the firm would be able to participate in state work. Not requiring bonds on some smaller projects may save the Commonwealth money through lower project bids, as a result of increased competition, without a significant increase in risk.

**9. Specific Agency or Political Subdivisions Affected:** Any public body and contractors performing construction projects under \$1 million

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/17/11

**Document:**

c: Secretary of Administration