

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1114

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: Watkins, J.

3. Committee: Committee on General Laws and Technology

4. Title: Department of General Services; use and occupancy of real property by state agencies

5. Summary: The Code of Virginia §2.2-1149, requires state agencies to obtain approval from the Governor, through the Department of General Services (DGS), to occupy and pay for space “by gift, lease, purchase or any other means”.

However, some transactions have been executed by agencies without the proper approval routing; these transactions have come in the form of a “license” agreement. A “license” is a legally binding transaction and as such should be subject to the same review as gift, lease and purchase transactions.

DGS believes that the "any other means" language was originally intended to cover all occupancy or use of property, but it technically fails.

Amendment is proposed to close the loophole whereby an agency occupies and pays for space under a “license” without coming through DGS and obtaining requisite approval by the Governor.

If this loophole is taken advantage of by an agency, it could result in an agreement that does not have favorable terms for the Commonwealth, or could even contain terms and/or conditions that are prohibited from agencies to accept.

DGS believes that the amended language will eliminate an agencies’ ability to use a license agreement or other occupancy agreement to get around the requirements in §2.2-1149.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: None.

8. Fiscal Implications: None.

9. Specific Agency or Political Subdivisions Affected: State agencies and institutions, other than higher education that have decentralized authority.

10. Technical Amendment Necessary: No.

11. Other Comments: This is an Administration bill.

Date: 1/14/11

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