

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** HB1015

<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:** Comstock

**3. Committee:** General Laws

**4. Title:** Virginia Public Procurement Act; bid match preference for Virginia businesses.

**5. Summary:** Provides, for contracts not expected to exceed \$5 million, a bid match preference for Virginia businesses. Under the bill, a Virginia business has an opportunity to match the lowest bid of an out-of-state bidder if the bid of a Virginia business is within five percent or \$10,000, whichever is less, of the lowest bid of an out-of-state bidder. The bill also provides that to be deemed a resident of Virginia, a Virginia person, firm, or corporation must have paid unemployment taxes or income taxes in Virginia in addition to being organized pursuant to Virginia law or maintaining a principal place of business within Virginia. The bill has a three-year sunset provision.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** Indeterminate

**8. Fiscal Implications:** Establishment of procurement procedures allowing state agencies and institutions to match prices from an out-of-state bidder would create an in-state preference. In-state preferences could limit competition and result in the increased costs of goods and services. In addition, preference procurements can increase administrative processing time and delay procurement awards, resulting in increased resource costs for all public bodies falling under the Virginia Public Procurement Act.

**9. Specific Agency or Political Subdivisions Affected:** All public bodies except Level III Institutions of Higher Education and Level II institutions operating under Management Agreements and Memorandums of Understanding. These institutions are not subject to the Virginia Public Procurement Act and do not fall under the authority of DGS/DPS. Christopher Newport University and the Virginia Community College System and its twenty three Community Colleges are subject to the Virginia Public Procurement Act but this bill would not apply to their Capital Outlay procurements per their Memorandum of Understanding. The Level III and Level II Institutions of Higher Education account for a large percentage of the procurement dollars in the Commonwealth.

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/18/12

**Document:**

c: Secretary of Administration