

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** HB529

<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:** McQuinn

**3. Committee:** General Laws

**4. Title:** Virginia Public Procurement Act; preference for local products and firms; applicability.

**5. Summary:** Authorizes localities to apply a preference for bidders or offerors located in the locality of up to 10 percent, provided (i) for competitive sealed bidding the percentage of the discount is stated in the Invitation to Bid, (ii) for competitive negotiations the percentage of the increase is stated in the Request for Proposal, and (iii) the discount percentage or increase percentage is included in the informal solicitation for small purchases.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** Indeterminate

**8. Fiscal Implications:** Procurement references can 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.

Although this legislation address only localities, the cost of state procurement could also increase if an out-of- state vendor who decides not to compete in a locality because of the preference also decides not to compete at the state level too.

**9. Specific Agency or Political Subdivisions Affected:** County, Cities and Towns.

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/18/12

**Document:**

c: Secretary of Administration