

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB987

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: Garrett

3. Committee: General Laws and Technology

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

5. Summary: Provides that whenever the lowest responsive and responsible bidder is a resident of another state that allows a percentage preference for resident contractors, a like preference shall be allowed to the lowest responsive and responsible bidder who is a resident of Virginia and is within five percent of the lowest bid price. The bill also requires the Department of General Services to include in its posting of states that allow preferences those states that allow resident contractors a price matching preference.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Fiscal impact is indeterminate. See Item 8.

8. Fiscal Implications: The bill provides that in instances where the lowest responsive and responsible bidder is a resident of another state that allows a percentage preference for resident contractors, a like preference be allowed to the lowest responsive and responsible bidder who is a resident of Virginia and is within five percent of the lowest bid price.

Currently, like preferences are allowed to Virginia bidders if they are the next lowest bidder. The bill would also allow preference to be given to Virginia bidders that are not the next lowest bidder in cases where both the lowest and next lowest bidders are residents of other states and the cost of the Virginia bidder is within five percent of the lowest bid. In instances where this preference results in the award of contracts to Virginia bidders that are not the lowest or next lowest bid, contract costs could increase by up to five percent.

The bill is expected to increase the number of contracts awarded to Virginia residents. Increases in in-state contracts awarded could have positive state revenue impact, or a “multiplier effect,” to the extent they may generate additional activities for which state taxes are assessed such as sales tax of in-state purchases, corporate and individual income tax, etc. The extent to which Virginia contractors conduct or stimulate additional taxable activities such as purchases of goods and services in-state or employment of state residents compared to out-of-state contractors is indeterminate, as out-of-state contractors may also conduct these activities in-state.

The bill also directs the Department of General Services to maintain a list of states allowing price matching preferences for resident contractors in addition to those allowing absolute preference and percentage preference, which it is already required to maintain. This is not expected to have a fiscal impact on the Department.

- 9. Specific Agency or Political Subdivisions Affected:** Department of General Services, state agencies and other public bodies without an exception to the Virginia Public Procurement Act

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/6/2015

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