

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: SB1334-ER

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron: Ruff

3. Committee: Passed Both Houses

4. Title: Virginia Public Procurement Act; small business enhancement program; limitations.

5. Summary: Provides that any enhancement or remedial measure authorized by the Governor for state public bodies may allow for small businesses certified by the Department of Small Business and Supplier Diversity or a subcategory of small businesses established as a part of the enhancement program to have a price preference over noncertified businesses competing for the same contract award, provided that the certified small business or the business in such subcategory of small businesses does not exceed the low bid by more than five percent.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: The fiscal impact of this bill is indeterminate and would depend on the enhancement or remedial measures that may be adopted by the Governor pursuant to the provisions of this bill as well as the cost of any awards that may be made to small businesses in excess of five percent of the low bid pursuant to measures currently authorized by the Governor.

Currently, enhancements authorized by the Governor pursuant to § 2.2-4310(C) provide priority to micro-businesses for purchases under \$10,000 and small businesses for purchases of goods and nonprofessional services up to \$100,000 and professional services up to \$50,000 when the price quoted is fair and reasonable.

9. Specific Agency or Political Subdivisions Affected: All state agencies.

10. Technical Amendment Necessary: No.

11. Other Comments: The 2016 Development and Management of State Contracts in Virginia report of the Joint Legislative Audit and Review Commission analyzed purchases under the small business set-aside from July 2013 through March 2015 that were made through the eVA Quick Quote system and received bids from small and non-small businesses. A majority (58 percent) of purchases from small businesses cost less than the lowest non-small business bid. Among other purchases where the cost was higher, there was approximately a

25 percent difference in the average bid value compared to the lowest bid submitted by other non-small businesses.

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