

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB680

|                        |  |                                     |                                    |
|------------------------|--|-------------------------------------|------------------------------------|
| <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:** LaRock

**3. Committee:** General Laws

**4. Title:** Virginia Public Procurement Act; information technology project services contracts; behind schedule.

**5. Summary:** Requires that all state agencies include in every written contract for information technology project services contracts provisions that the agency is not required to pay for hours worked on a computer and billed by the hour on a project that (i) is more than one year behind on any scheduled contract performance dates or actual completion dates or (ii) has costs in excess of \$1 million over the initial term of the contract, unless such hourly work is verified as legitimate by automatic billing verification software meeting certain standards. Any data collected by automatic billing verification software is considered accounting records belonging to the contractor; however, no contractor is permitted to sell or transfer such data or use it for any purpose or in any manner other than to verify and manage the hours worked on the associated contract and billed to the agency. The bill exempts from the contract provision and data collection requirement any (i) contracts (a) between state agencies, (b) with any law-enforcement agency, or (c) with any agency that is the custodian of criminal justice information as defined in the Federal Bureau of Investigation's Criminal Justice Information Services Division's Security Policy and (ii) work performed (a) by a state employee or (b) on a state-owned device.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate, see Item 8.

**8. Fiscal Implications:** This legislation would require information technology state contractors to use verification software to demonstrate that the hours billed for work under a contract that is performed on a computer are legitimate, if the project is more than one year behind schedule or if the project has accrued costs in excess of \$1 million over the initial contract price. If contractors are billing for hours that are not consistent with the contract, the agency may experience savings, however, any savings amount is currently indeterminate as it would be dependent on the prevalence of non-legitimate billed hours. This legislation may also result in increased costs for state agencies' contracts, as contractors may incorporate the costs of the software and compliance into their bids or contract rates. The net impact of these potential costs and savings is currently indeterminate.

The legislation does not apply to work performed on state-owned devices, however, some contractors use Commonwealth-owned/leased devices and as such, the verification software would need to be installed on those devices. It is unclear what would occur in these cases. The Virginia Information Technologies Agency (VITA) further states that the legislation may impact the pool of eligible contractors that bid on state contracts, which could affect the costs to state agencies.

**9. Specific Agency or Political Subdivisions Affected:** All state agencies subject to the VPPA

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This legislation is similar to HB133 and HB685.

Date: January 15, 2020  
File: HB680