

## **Department of Planning and Budget**

### **2020 Fiscal Impact Statement**

**1. Bill Number:** HB685

<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:** Va Public Procurement Act; preference for contractors using automatic billing verification software.

**5. Summary:** Requires that, for any bid on a contract (i) in excess of \$500,000 and (ii) requiring work to be performed using a computer, all state agencies give preference to responsive and responsible bidders that agree to verify the hours worked on the associated contract and billed to the agency by using automatic billing verification software that meets certain standards. The bill provides that any data collected by such automatic billing verification pursuant to a contract with a state agency is considered accounting records belonging to the contractor; however, contractors are prohibited from selling or transferring such data or using it for any other purpose or manner other than to verify and manage the hours worked on the associated contract and billed to the agency. Work performed by a state employee or on a state-owned device and contracts with any law-enforcement agency or 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, are exempted from the provisions of this bill.

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

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

**8. Fiscal Implications:** This legislation would require agencies to give preference to responsive and responsible bidders that agree to use verification software to demonstrate that the hours billed for work under a contract that is performed on a computer are legitimate, for any contract in excess of \$500,000 and require work to be performed using a computer. 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. The agency may also experience unnecessary additional costs, as the agency may be passing over lower bids from responsive and responsible bidders that can't or choose not to utilize this type of software. 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: HB685