

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB627

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: Vogel

3. Committee: General Laws and Technology

4. Title: Prompt payment by contractors to subcontractors.

5. Summary: Provides that contracts under the Virginia Public Procurement Act shall include a payment clause requiring the contractor to pay a subcontractor within seven days after receipt of amounts paid to the contractor by the state agency or locality. Under current law, the contractor is allowed to either pay the subcontractor or notify the state agency or locality and subcontractor of his intention to withhold all or a part of the subcontractor's payment with the reason for nonpayment. The bill also provides that nonresidential construction contracts entered into after July 1, 2020, are deemed to include an interest clause obligating the general contractor to pay interest to the subcontractor on all amounts owed by the contractor that remain unpaid after seven days. In addition, the bill provides that payment by a public body or private owner to a contractor shall not be a condition precedent for payment to a subcontractor, and payment by a contractor to a subcontractor is not a condition precedent for payment to any other subcontractor.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: No state fiscal impact.

8. Fiscal Implications: The Department of General Services indicates that this bill does not have a state fiscal impact.

9. Specific Agency or Political Subdivisions Affected: All public bodies subject to the Virginia Public Procurement Act

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: January 14, 2020
File: SB627