Department of Planning and Budget
2023 Fiscal Impact Statement

1. **Bill Number:** HB2500-S1

House of Origin	☐	Introduced	☐	Substitute	☐ Engrossed
Second House	☐	In Committee	☒	Substitute	☐ Enrolled

2. **Patron:** Wiley

3. **Committee:** Finance and Appropriations

4. **Title:** Virginia Public Procurement Act; private contracts; payment of subcontractors.

5. **Summary:** Provides that in contracts for construction, contractors shall be liable to their subcontractors for the entire amount owed to their subcontractors regardless of the contractors' receipt of payment from another party. The bill allows contractors to withhold payment from a subcontractor only for such subcontractor's noncompliance with the terms of the contract and requires the contract or to provide reasonable notice of the reason for such withholding. Reasons for nonpayment in an agreement between an owner and general contractor must be disclosed within 45 days of the receipt of an invoice by the owner to the general contractor, and nonpayment reasons must be disclosed within 50 days of the receipt of an invoice by the contractor to the subcontractor.

6. **Budget Amendment Necessary**: No

7. **Fiscal Impact Estimates:** None

8. **Fiscal Implications:** The Department of General Services (DGS) indicates that no state fiscal impact is expected from this bill.

9. **Specific Agency or Political Subdivisions Affected:** The bill applies to all public bodies subject to the Virginia Public Procurement Act (VPPA). The bill does not apply to higher education institutions operating under Management Agreements and Memoranda of Understanding in the operational area of procurement (currently, 13 Level III and Level II institutions). Further, the bill does not apply to local governments that have exempted themselves from the VPPA pursuant to subdivisions A 9, 10, and 11 of Va. Code § 2.2-4343. Additionally, the bill impacts contractors and subcontractors on both public projects and private projects.

10. **Technical Amendment Necessary:** No

11. **Other Comments:** This bill is a companion bill to SB1313-H1.