

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: SB260

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: DeSteph

3. Committee: General Laws and Technology

4. Title: Virginia Public Procurement Act; preference for products made or manufactured in Virginia.

5. Summary: Provides preference for a bidder who is a resident of Virginia over a bidder who is a resident of any other state in determining the award for any contract for goods, services, or construction under the Virginia Public Procurement Act. When a bidder is a resident of Virginia and the lowest responsive and responsible bidder is a resident of another state, the Virginia resident shall be given the option to match the price of the nonresident bidder. The bill directs the Secretary of Commerce and Trade to convene a stakeholder work group to recommend revisions to the recyclable materials tax credit and report on the work group's recommendations by November 1, 2024.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary—indeterminate, see item 8

8. Fiscal Implications: The bill expands the existing tie bid preference for Virginia-produced goods or goods, services, and construction provided by Virginia residents. If the first preference cannot be applied, then the preference goes to goods produced in the United States. The bill also provides that after existing price preferences have been considered, the award in a tie bid on goods shall be given to the bidder whose goods contain the greatest amount of recyclable content, including waste tires and materials by advanced recycling factories.

The fiscal impact of this bill is indeterminate. Restrictions on available suppliers, generally, may impact the pool of bidders and may impact the price of goods procured.

The bill also requires that if a state public body receives three or more bids from a manufacturer that use materials or product components made in Virginia or in the United States, such body may only select from among those bids. This provision may affect the prices ultimately paid by state public bodies to the extent that a manufacturer using non-Virginia or non-U.S. materials or product components offered a lower bid.

Additionally, the bill permits the second-lowest responsive and responsible bidder from Virginia to match the price of a resident from another state. This specific provision is not expected to increase price, as the Virginia resident is allowed to match the lowest bid price.

The bill directs the Secretary of Commerce and Trade and the Department of Taxation to establish a work group to make recommendations and issue a report by November 1, 2024 on revisions to the recyclable materials tax credit. The costs associated with this activity are minimal and absorbable by both agencies.

- 9. Specific Agency or Political Subdivisions Affected:** Portions of this bill apply to all public bodies and other portions apply only to state public bodies subject to the Virginia Public Procurement Act. This bill does not apply to higher education institutions operating under Management Agreements and Memoranda of Understanding in the operational area of procurement (currently fourteen Level III and Level II institutions). Additionally, the bill will not apply to local governments that have exempted themselves from the VPPA as authorized by V. Code §2.2-4343 (9, 10, 11).

10. Technical Amendment Necessary: No

- 11. Other Comments:** The tie bid preference for Virginia-produced/Virginia-sourced goods, services, and construction is also provided in HB1361.