

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: SB329

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: Surovell

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: Compost and other products containing organic soil amendments infrastructure; civil penalty.

5. Summary: Requires the Department of General Services, whenever purchasing compost or other products containing organic soil amendments for use by state agencies, to use competitive sealed bidding and to award the contract to the lowest responsive and responsible bidder offering compost produced in Virginia unless the bid price is more than four percent greater than the bid price of the lowest responsive and responsible bidder offering such products produced elsewhere. The bill allows the governing body of a locality to give preference to compost or other products containing organic soil amendments produced within such locality in the case of a tie bid. The bill also provides that any locality may by ordinance require that certain generators, as defined in the bill, of large quantities of organic waste separate the organic waste from other solid waste and ensure that the organic waste is diverted from final disposal in a refuse disposal system. The ordinance may require that generators divert organic waste from final disposal in a refuse disposal system by any of a variety of specified waste diversion activities. The ordinance may also establish civil penalties for violations of the ordinance, but a locality shall first issue a warning to a generator that violates the ordinance. Finally, the bill expresses that it is the intent of the General Assembly that new public school buildings and facilities and improvements and renovations to existing public school buildings and facilities include waste disposal infrastructure, as defined in the bill.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate—see item 8

8. Fiscal Implications: The fiscal impact of this bill is indeterminate. The bill creates a procurement preference when awarding a contract for compost or other products containing organic soil amendments produced in Virginia, so long as the lowest responsive and responsible bidders' price is not more than four percent higher than the bid price of the lowest responsive and responsible bidder ordering compost or other products containing organic soil amendments produced elsewhere. Generally, the bill may impact the pool of compost-producing bidders and may increase the price of the compost procured.

DGS indicates that this preference for Virginia-produced compost will lead to higher costs when applied. Out-of-state bidders offering lower bidding prices on compost (up to four percent) will not be selected under these preferences. For example, given competing bidding prices of \$100,000 from a non-Virginia compost producer and \$104,000 from a Virginia compost producer, the public body would select the Virginia compost producer and incur \$4,000 of additional cost from this procurement preference. It is infeasible to determine the future supply and demand of compost procurements across state public bodies, so the fiscal impacts incurred among state public bodies is indeterminate.

- 9. Specific Agency or Political Subdivisions Affected:** This bill applies to the Department of General Services and all 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 thirteen 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). The bill's provisions for waste disposal infrastructure impact local school divisions.

10. Technical Amendment Necessary: No

11. Other Comments: None