

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. **Bill Number:** HB1273H2

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

2. **Patron:** Krizek

3. **Committee:** Appropriations

4. **Title:** Virginia Public Procurement Act; competitive sealed bidding; required criteria in invitations to bid.

5. **Summary:** This bill, as substituted in House Appropriations, amends the Virginia Public Procurement Act (VPPA) by creating a new section pertaining to public works contract requirements. The substitute bill creates a definition for “labor hours” and requires for any capital outlay project, that public bodies require the contract and subcontractors to comply with the following requirements; (i) completion of specified safety training programs established by the U.S. Department of Labor’s Occupational Safety and Health Administration, (ii) maintenance of records of compliance with applicable local, state, and federal laws; and (iii) participate in apprenticeship training programs approved by the Commonwealth or the U.S. Department of Labor. Additionally, the bill requires that at least eight percent of total labor hours be performed by apprentices. The bill allows the Governor or his designee to waive such requirements.

6. **Budget Amendment Necessary:** No

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

8. **Fiscal Implications:** The bill impacts all capital outlay projects by requiring contractors and subcontractors to ensure that eight percent of total labor hours of a capital project shall be performed by apprentices. This legislation additionally provides that public bodies shall require the contractor and subcontractor to participate in certain apprenticeship training programs and safety programs. The bill also requires contractors and subcontractors to provide reports certifying apprentice labor hours worked and the applicable trade in which the work was performed on the project. These requirements may affect the pool of bidders and bid price. As the number of contractors participating in these specific apprenticeship programs is unknown at the time, fiscal impact from the bill is indeterminate.

The prior substitute amended a section of the VPPA so that the scope of the apprenticeship participation requirements were only limited to contractors and subcontractors for nontransportation-related construction above \$250,000. This second substitute bill adds a section to the VPPA and establishes a capital project definition in that section pursuant to § 2.2-1515 in the Code of Virginia so that the provisions of the bill apply to any capital project.

9. Specific Agency or Political Subdivisions Affected: This bill applies to all public bodies subject to the Virginia Public Procurement Act (VPPA). 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: This bill is similar to SB647S1.