



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

SENATE BILL NO. 623

PRINTERS NO. 2454

PRIME SPONSOR: Tomlinson

### COST / (SAVINGS)

FUND	FY 2012/13	FY 2013/14
General Fund	\$0	\$0

**SUMMARY:** Senate Bill 623, Printer's Number 2454, amends Title 51 (Military Affairs) to establish a program for assisting veteran-owned businesses to obtain state contracts. This legislation would take effect in 60 days.

**ANALYSIS:** This bill amends Title 51 (Military Affairs) which directs the Department of General Services (DGS) to establish policy and promulgate regulations establishing detailed definitions, such as "veteran-owned business" being a business that is owned and controlled by one or more veterans, which assist veteran-owned businesses obtain state contracts. A statewide annual goal of not less than 3% participation in state contracts entered into by DGS with veteran-owned small businesses, including service-disabled veteran-owned businesses, is established.

The legislation also requires DGS to establish policy and promulgate regulations establishing antifraud provisions to deter and penalize businesses who falsely claim that they are veteran-owned businesses. The department shall provide notice of these provisions and include an email address and telephone number in any application to be certified so that violations can be reported. The number of violations shall be included in the annual report to the General Assembly.

The DGS shall also have the following duties with the assistance of the Department of Military & Veterans Affairs: provide staff to assist veteran-owned small businesses; publicize procurement opportunities for veteran-owned small businesses; compile lists of veteran-owned small businesses; assure that veteran-owned small businesses are solicited on each procurement; facilitate achievement of agency participation goals; establish business assistance offices in the Commonwealth to encourage procurement from veteran-owned small businesses; and prepare an annual report on the awarding of contracts to veteran-owned small businesses.

The bill also states that a purchasing agency may reduce the level or change the types of bonding normally required or accept alternative forms of security to the extent reasonably necessary to encourage procurement from veteran-owned small businesses and service-disabled veteran-owned small businesses. Veteran-owned small businesses shall be exempt from any bonding requirement for contacts under \$25,000.

**FISCAL IMPACT:** Enactment of this bill will have no adverse fiscal impact initially upon Commonwealth funds. It is expected that the Department of General Services will have some recurring operating costs related to establishing and providing a training program. The department indicates that the Bureau of Small Business Opportunities is equipped to handle the provisions of this legislation. The Bureau expects to incur some minimal expenses for the establishment and implementation of the training program.

While these administrative and operating costs are yet to be determined, such costs are likely to be covered as part of existing operations but will be dependent upon the extensiveness of the training and outreach necessary for this new program. For example, it is likely that some of the outreach and communication issues can be coordinated with veteran-based organizations, whether the Department of Military and Veterans Affairs, veteran service organizations and similar entities.

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**DATE:** October 2, 2012

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*