



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 286

PRINTERS NO. 1667

PRIME SPONSOR: **Gordner**

### COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$0
Incorporated Town Funds	See Analysis	See Analysis

**SUMMARY:** Amends Act 34 of 1953 to increase non-bid contract maximums and to provide for the annual indexing and adjusting of these figures for inflation. This legislation would apply to advertising and bidding effective the first January 1<sup>st</sup> after enactment.

**ANALYSIS:** This legislation the contracts of incorporated towns to:

- increase the dollar amount requiring full advertising and bidding of contracts from \$10,000 to \$18,500;
- increase the range of a contract requiring written or telephonic quotes from \$4,000 - \$10,000 to \$10,000 - \$18,500;
- authorize the PA Department of Labor and Industry (L&I) to determine the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the 12-month period ending September 30th of the calendar year in which the law becomes effective and every 12 months thereafter;
- direct L&I to adjust both the competitive bidding and written or telephonic price quotation figures by adding the determined positive percentage change in the CPI-U, not to exceed 3%, to the bidding and written or telephonic quotation levels and to round the new figures to the nearest multiple of \$100;
- specify that annual determination and calculation of adjustments must be made between October 1 and November 15 in the year of the effective date of this provision and annually between October 1 and November 15 every year thereafter.
- require L&I to give notice of the annual percentage change in the CPI-U and the new amounts for advertising and bidding and for written or telephonic quotes in the Pennsylvania Bulletin prior to January 1 of each calendar year.

- increase from \$10,000 to \$18,500, subject to the CPI adjustment, the cost of construction or alteration of a public building at which separate specifications may be required for plumbing, heating, ventilating and electrical work.
- increase from \$10,000 to \$18,500, subject to the CPI adjustment, the threshold at which penalties are imposed for the evasion of advertising requirements.

**FISCAL IMPACT:** This legislation will have no adverse impact on Commonwealth funds. Currently, there is no data available that segregates advertising expenses relating to letting requirements; however it is probable that this legislation will provide incorporated towns the opportunity to reduce expenses relating to advertising as well as preparing letting specifications for contracts that are between the \$10,000 and the \$18,500 threshold.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** October 21, 2011

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