



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

SENATE BILL NO. 583

PRINTERS NO. 1174

PRIME SPONSOR: Eichelberger

### COST / (SAVINGS)

FUND	FY 2012/13	FY 2013/14
Industrial and Commercial Development Authority Funds	\$0	See "Fiscal Impact"

**SUMMARY:** Amends the Economic Development Financing Law to increase non-bid contract maximums and to provide for the annual indexing and adjusting of these figures for inflation. This legislation would take effect immediately.

**ANALYSIS:** This legislation replaces the current \$10,000 bid limit that is found in three different sections of the Economic Development Financing Law with a cross reference to Title 53 Section 5614 (a)(1), (b) and (c.1)(relating to competition in award of contracts) by doing the following:

- increases the dollar amount requiring full advertising and bidding of contracts from \$10,000 to \$18,500;
- authorizes 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;
- directs L&I to adjust both the competitive bidding figure by adding the determined positive percentage change, in the CPI-U, not to exceed 3%, to the bidding level and to round the new figures to the nearest multiple of \$100;
- specifies 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.
- requires L&I to give notice of the annual percentage change in the CPI-U and the new amounts for advertising and bidding in the Pennsylvania Bulletin prior to January 1 of each calendar year.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth funds. Currently, there is no data available that segregates advertising expenses relating to letting requirements for municipalities or authorities of any type; however it is probable that this legislation will provide industrial and commercial development authorities 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:** June 11, 2013

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