



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 1364

PRINTERS NO. 2017

PRIME SPONSOR: James

### COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
Local Funds	\$0	\$0

**SUMMARY:** Amends Act 78 of 1979 to authorize political subdivisions and authorities to enter into contracts for services when two consecutive advertisements fail to induce bids. This legislation would take effect in 60 days.

**ANALYSIS:** This legislation establishes the Public Contract Bid Nonreceipt Act.

**Pertinent Definitions:** "Services" - the furnishing of labor, time or effort by a contractor not involving the delivery of a specific end product other than drawings, specifications or reports which are merely incidental to the required information. The term includes:

- Routine operations or maintenance of existing structures, buildings or real property;
- Repair or rehabilitation of existing infrastructure and utility services; or,
- Services formerly provided by public utilities (electrical, telephone, water and sewage service).

The term does not include employment agreements or collective bargaining agreements.

**Nonreceipt of Bids:** This legislation requires a political subdivision, municipal authority or transportation authority to advertise for bids in order to enter into a contract for services. In the event that no bids are received, a political subdivision or an authority may advertise for bids a second time. Should no bids be received within 15 days of the second advertisement, the legislation will allow a political subdivision or authority to initiate negotiations for a contract for services with any provider not otherwise disqualified by law or an enactment or policy of the governing body.

Prior to the execution of the contract, the political subdivision or authority will be required to disclose at a regular or special public meeting the identity of the parties, the proposed contract price and a summary of the other terms and conditions relating to proposed contract, in order to demonstrate that the services sought are consistent with those previously advertised.

This legislation specifies that misuse of its provisions to evade advertising requirements will subject a member of the governing body to the same penalties that exist in the applicable competitive bidding law.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth, political subdivision, municipal authority or transportation authority funds.

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

**DATE:** June 28, 2017

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