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SB 801 (Printer's No. 1012) Analysis

Date: June 26, 2017

Amending Title 8 (Boroughs) and Title 11 (Cities) of the Pennsylvania Consolidated Statutes - Provide for borough or third class city purchase of used personal property from volunteer emergency service organizations without bid.

Prime Sponsor: Senator Hutchinson

A. Synopsis of Bill

This bill amends the Borough Code and Third Class City Code, in Titles 8 and 11 of the Pennsylvania Consolidated Statutes, respectively, to permit boroughs or third class cities to purchase used equipment, vehicles and other personal property from volunteer emergency service organizations without competitive bidding.

The legislation is part of a four bill package. The other three bills similarly amend the First Class Township Code (Act 331 of 1931), the Second Class Township Code (Act 69 of 1933) and Act 34 of 1953 (relating to contracts of incorporated towns).

B. Summary and Analysis of Bill

In essence, the bill allows a borough or third class city to purchase used equipment, articles, apparatus, appliances, vehicles or parts of vehicles, or any other personal property from a volunteer fire company, volunteer ambulance service, or a volunteer rescue squad. Allowing a borough or third class city and the volunteer emergency service organization to agree on a fair purchase price without soliciting other suppliers may provide the opportunity to act to the benefit of both parties and save on advertising and bidding costs.

As an example, a borough which would like to support the volunteer fire department which serves its residents may wish to purchase a used fire truck from another volunteer fire department serving a nearby township. The borough and outside department may agree to a lower than market price for the fire truck recognizing that both municipalities and departments benefit when both volunteer fire departments are well resourced and can provide assistance and cooperation to each other during emergencies.

The act would take effect in 60 days.

C. Relevant Current Law

Each municipal code contains a list of exceptions to the competitive bidding requirements which include exceptions which allow public bodies, such as other local governments, the Commonwealth or the Federal government, to make contracts with each other that reflect different interests than a contract between the municipality and a private vender. When two municipalities, or other public bodies, form contracts, the public interest is not necessarily reflected by private party market values for goods or services. However, current law does not allow a municipality to make purchasing contracts outside of the competitive bidding requirements from volunteer emergency service providers because volunteer emergency providers are private nonprofit corporations formed to benefit the public, but usually are not a part of the municipality or other public body. Furthermore, the municipal codes currently provide for the sale of personal property by a municipality to a volunteer fire company, volunteer ambulance service or volunteer rescue squad without advertising for bids.

D. Background of Bill

This concept was proposed by the Pennsylvania State Association of Township Supervisors (PSATS) as Resolution 43 of 2016. After consulting with the Pennsylvania Municipal League (PML), the Pennsylvania State Association of Township Commissioners (PSATC) and the Pennsylvania State Association of Boroughs (PSAB), the Commission found that the associations representing the codified municipal corporations all support this proposal and the Commission is proposing a four bill package providing the authorization to all codified municipal corporations in the Commonwealth.

E. Effect of Bill

This bill would create a discretionary authority for municipalities that is anticipated to result in no increased costs to taxpayers. Greater cooperation between volunteer emergency service providers and local governments may have the additional benefit of utilizing taxpayer resources more effectively and efficiently.

F. Issues, Policy Questions and Stakeholder Feedback

PSATS, PML, PSATC and PSAB support this legislation.

G. Bill History

This bill has no previous history.