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SB 691 (Printer's No. 830) Analysis

Date: May 31, 2019

**Amending the Second Class Township Code -- Increasing
the Dollar Threshold That Triggers Advertisement When Selling Municipal
Real Property**

Prime Sponsor: Senator Hutchinson

A. Synopsis of Bill

Increases from \$1,500 to \$6,000 the value of municipal real property below which a second class township need not publicly advertise for bids when selling its real property.

This legislation is part of a three bill package. The other two bills similarly amend Act 34 of 1953 (relating to contracts for incorporated towns) and the Borough Code and Third Class City Code in Titles 8 and 11 of the Pennsylvania Consolidated Statutes.

B. Summary and Analysis of Bill

This bill amends the Second Class Township Code by increasing from \$1,500 to \$6,000 the threshold for when municipal real property must be advertised prior to sale to the highest bidder. Real estate owned by the township may be sold at a consideration of \$6,000 or less without advertisement or competitive bidding only after the board of supervisors estimates the value of the real estate upon receipt of an appraisal by a qualified real estate appraiser. Additionally, prior to selling real estate valued at \$6,000 or less without advertisement or competitive bidding, the board of supervisors must make a public announcement of the board of supervisors' intention to sell the real estate at a regular or special meeting of the board of supervisors at least 30 days prior to the sale.

Upon enactment, the law will take effect in 60 days.

C. Relevant Current Law

Section 1503 of the Second Class Township Code provides for the sale of municipal real property. This section provides that no municipal real estate may be sold for a consideration in excess of \$1,500 except to the highest bidder after due notice by advertisement for bids or advertisement of a public auction.

D. Background of Bill

The threshold value of \$1,500 for the sale of real property that determines whether the real property must be advertised was put into the Second Class Township Code in 1978 when it was increased from \$500 to \$1,500.

The new threshold dollar amount of \$6,000 is derived from the U.S. Department of Labor's Consumer Price Index (CPI) inflation calculator which indicates that \$1,500 in 1978 has the same purchasing power as just slightly over \$6,000 in February 2019.

In the 2017-2018 session, the municipal codes were amended to increase the threshold for the sale of *personal* property without advertisement or receiving bids from \$1,000 to \$2,000.

E. Effect of Bill

This bill will save taxpayer dollars by decreasing the need for advertising the sale of municipal real property by raising the threshold that triggers the advertising requirement. Advertising is still required for any sales over the threshold amount. Transparency is maintained for sales below the threshold amount by the board of supervisors announcing its intention to sell the real property at a regular or special meeting of the board of supervisors at least 30 days prior to the sale.

F. Issues, Policy Questions and Stakeholder Feedback

- The Pennsylvania State Association of Township Supervisors supports this legislation.

G. Bill History

This bill has no previous history.