

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 287 Session of 2011

INTRODUCED BY FERLO, EICHELBERGER, KASUNIC, FOLMER, GORDNER, BOSCOLA, ORIE, RAFFERTY, YAW, M. WHITE, D. WHITE, ERICKSON, BAKER, ALLOWAY, BRUBAKER, GREENLEAF, SMUCKER, WAUGH, ROBBINS, VANCE, EARLL, SCARNATI, McILHINNEY, PICCOLA, WARD AND BROWNE, JANUARY 26, 2011

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF REPRESENTATIVES, AS AMENDED, OCTOBER 4, 2011

AN ACT

1 Amending Titles 53 (Municipalities Generally) and 74
2 (Transportation) of the Pennsylvania Consolidated Statutes,
3 further providing for competitive bidding of contracts by
4 intergovernmental units, by parking authorities, by municipal
5 authorities and by metropolitan transportation authorities.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Sections 2308 and 2311, 2311 AND 2312 of Title 53
9 of the Pennsylvania Consolidated Statutes are amended to read:

10 § 2308. Bids for certain joint purchases.

11 (a) Notice.--All joint purchases involving an expenditure of
12 more than [\$10,000] a THE base amount of \$18,500, subject to

13 adjustment under subsection (b), shall be made by contract, in
14 writing, only after notice for bids once a week for two weeks in
15 at least one and not more than two newspapers of general
16 circulation in the joining local governments. All contracts
17 shall be let to the lowest responsible bidder. Every contract

1 for the construction, reconstruction, alteration, repair,
2 improvement or maintenance of public works shall comply with the
3 provisions of the act of March 3, 1978 (P.L.6, No.3), known as
4 the Steel Products Procurement Act.

5 (b) Adjustments.--Adjustments to the base amounts AMOUNT ←
6 specified under subsection (a) shall be made as follows:

7 (1) The Department of Labor and Industry shall determine
8 the percentage change in the All Items Consumer Price Index
9 for All Urban Consumers (CPI-U) for the United States City
10 Average as published by the United States Department of
11 Labor, Bureau of Labor Statistics for the 12-month period
12 ending September 30, 2012, and for each successive 12-month
13 period thereafter.

14 (2) If the department determines that there is no
15 positive percentage change, then no adjustment to the base
16 amounts AMOUNT shall occur for the relevant time period ←
17 provided for in this subsection.

18 (3) (i) If the department determines that there is a
19 positive percentage change in the first year that the
20 determination is made under paragraph (1), the positive
21 percentage change shall be multiplied by each THE base ←
22 amount and the products PRODUCT shall be added to the ←
23 base amounts AMOUNT, respectively, and the sums shall be ←
24 preliminary adjusted amounts AMOUNT. ←

25 (ii) The preliminary adjusted amounts AMOUNT shall ←
26 be rounded to the nearest \$100 to determine the final
27 adjusted base amounts AMOUNT for purposes of subsection ←
28 (a).

29 (4) In each successive year in which there is a positive
30 percentage change in the CPI-U for the United States City

1 Average, the positive percentage change shall be multiplied
2 by the most recent preliminary adjusted ~~amounts~~ AMOUNT and ←
3 the products shall be added to the preliminary adjusted
4 amount of the prior year to calculate the preliminary
5 adjusted amounts for the current year. The sums thereof shall
6 be rounded to the nearest \$100 to determine the new final
7 adjusted base amounts for purposes of subsection (a).

8 (5) The determinations and adjustments required under
9 this subsection shall be made in the period between October 1
10 and November 15 of the year following the effective date of
11 this subsection, and annually between October 1 and November
12 15 of each year thereafter.

13 (6) The final adjusted base amounts and new final
14 adjusted base amounts obtained under paragraphs (3) and (4)
15 shall become effective January 1 for the calendar year
16 following the year in which the determination required under
17 paragraph (1) is made.

18 (7) The department shall publish notice in the
19 Pennsylvania Bulletin prior to January 1 of each calendar
20 year of the annual percentage change determined under
21 paragraph (1) and the unadjusted or final adjusted base
22 amounts determined under paragraphs (3) and (4) at which
23 competitive bidding is required under subsection (a), for the
24 calendar year beginning the first day of January after
25 publication of the notice. The notice shall include a written
26 and illustrative explanation of the calculations performed by
27 the department in establishing the unadjusted or final
28 adjusted base amounts under this subsection for the ensuing
29 calendar year.

30 (8) The annual increase in the preliminary adjusted base

1 amounts obtained under paragraphs (3) and (4) shall not
2 exceed 3%.

3 § 2311. Written or telephonic price quotations required.

4 (a) Amount.--Written or telephonic price quotations from at
5 least three qualified and responsible contractors shall be
6 requested for all contracts [that exceed \$4,000] in excess of
7 the base amount of \$10,000, subject to adjustment under
8 subsection (b), but are less than the amount requiring
9 advertisement and competitive bidding, or, in lieu of price
10 quotations, a memorandum shall be kept on file showing that
11 fewer than three qualified contractors exist in the market area
12 within which it is practicable to obtain quotations. A written
13 record of telephonic price quotations shall be made and shall
14 contain at least the date of the quotation, the name of the
15 contractor and the contractor's representative, the
16 construction, reconstruction, repair, maintenance or work which
17 was the subject of the quotation and the price, written price
18 quotations, written records of telephonic price quotations, and
19 memoranda shall be retained for a period of three years.

20 (b) Adjustments.--Adjustments to the base amounts specified
21 under subsection (a) shall be made as follows:

22 (1) The Department of Labor and Industry shall determine
23 the percentage change in the All Items Consumer Price Index
24 for All Urban Consumers (CPI-U) for the United States City
25 Average as published by the United States Department of
26 Labor, Bureau of Labor Statistics for the 12-month period
27 ending September 30, 2012, and for each successive 12-month
28 period thereafter.

29 (2) If the department determines that there is no
30 positive percentage change, then no adjustment to the base

1 amounts shall occur for the relevant time period provided for
2 in this subsection.

3 (3) (i) If the department determines that there is a
4 positive percentage change in the first year that the
5 determination is made under paragraph (1), the positive
6 percentage change shall be multiplied by each base amount
7 and the products shall be added to the base amounts,
8 respectively, and the sums shall be preliminary adjusted
9 amounts.

10 (ii) The preliminary adjusted amounts shall be
11 rounded to the nearest \$100 to determine the final
12 adjusted base amounts for purposes of subsection (a).

13 (4) In each successive year in which there is a positive
14 percentage change in the CPI-U for the United States City
15 Average, the positive percentage change shall be multiplied
16 by the most recent preliminary adjusted amounts and the
17 products shall be added to the preliminary adjusted amount of
18 the prior year to calculate the preliminary adjusted amounts
19 for the current year. The sums thereof shall be rounded to
20 the nearest \$100 to determine the new final adjusted base
21 amounts for purposes of subsection (a).

22 (5) The determinations and adjustments required under
23 this subsection shall be made in the period between October 1
24 and November 15 of the year following the effective date of
25 this subsection, and annually between October 1 and November
26 15 of each year thereafter.

27 (6) The final adjusted base amounts and new final
28 adjusted base amounts obtained under paragraphs (3) and (4)
29 shall become effective January 1 for the calendar year
30 following the year in which the determination required under

1 paragraph (1) is made.

2 (7) The department shall publish notice in the
3 Pennsylvania Bulletin prior to January 1 of each calendar
4 year of the annual percentage change determined under
5 paragraph (1) and the unadjusted or final adjusted base
6 amounts determined under paragraphs (3) and (4) at which
7 ~~written or telephonic price quotations~~ BIDS are required ←
8 under subsection (a), for the calendar year beginning the
9 first day of January after publication of the notice. The
10 notice shall include a written and illustrative explanation
11 of the calculations performed by the department in
12 establishing the unadjusted or final adjusted base amounts ←
13 AMOUNT under this subsection for the ensuing calendar year. ←

14 (8) The annual increase in the preliminary adjusted base
15 amounts obtained under paragraphs (3) and (4) shall not
16 exceed 3%.

17 § 2312. DIVISION OF TRANSACTIONS PROVIDED. ←

18 NO LOCAL GOVERNMENT SHALL EVADE THE PROVISIONS OF SECTION
19 2308 (RELATING TO BIDS FOR CERTAIN JOINT PURCHASES) AS TO
20 ADVERTISING FOR BIDS OR PURCHASING MATERIALS OR CONTRACTING FOR
21 SERVICES PIECEMEAL FOR THE PURPOSE OF OBTAINING PRICES UNDER
22 [\$10,000] THE BASE AMOUNT OF \$18,500 SUBJECT TO ADJUSTMENT UNDER
23 SECTION 2308(B) (RELATING TO BIDS FOR CERTAIN JOINT PURCHASES)
24 UPON TRANSACTIONS WHICH SHOULD IN THE EXERCISE OF REASONABLE
25 DISCRETION AND PRUDENCE BE CONDUCTED AS ONE TRANSACTION
26 AMOUNTING TO MORE THAN [\$10,000] THE BASE AMOUNT OF \$18,500
27 SUBJECT TO ADJUSTMENT UNDER SECTION 2308(B). THIS PROVISION IS
28 INTENDED TO MAKE UNLAWFUL THE PRACTICE OF EVADING ADVERTISING
29 REQUIREMENTS BY MAKING A SERIES OF PURCHASES OR CONTRACTS EACH
30 FOR LESS THAN THE ADVERTISING REQUIREMENT PRICE OR BY MAKING

1 SEVERAL SIMULTANEOUS PURCHASES OR CONTRACTS EACH BELOW SUCH
2 PRICE WHEN IN EITHER CASE THE TRANSACTION INVOLVED SHOULD HAVE
3 BEEN MADE AS ONE TRANSACTION FOR ONE PRICE.

4 Section 2. Sections 5511(c) and (h)(1) and 5614(a)(1), (b),
5 (c) and (h)(1) of Title 53 are amended and the sections are
6 amended by adding subsections to read:

7 § 5511. Competition in award of contracts.

8 * * *

9 (c) Quotations.--Written or telephonic price quotations from
10 at least three qualified and responsible contractors shall be
11 requested for a contract [which exceeds \$4,000] in excess of the
12 base amount of \$10,000, subject to adjustment under subsection
13 (c.1), but is less than the amount requiring advertisement and
14 competitive bidding. In lieu of price quotations, a memorandum
15 shall be kept on file showing that fewer than three qualified
16 contractors exist in the market area within which it is
17 practicable to obtain quotations. A written record of telephonic
18 price quotations shall be made and shall contain at least the
19 date of the quotation; the name of the contractor and the
20 contractor's representative; the construction, reconstruction,
21 repair, maintenance or work which was the subject of the
22 quotation; and the price. Written price quotations, written
23 records of telephonic price quotations and memoranda shall be
24 retained for a period of three years.

25 (c.1) Adjustments.--Adjustments to the base amounts
26 specified under subsections (a), (b) and (c) shall be made as
27 follows:

28 (1) The Department of Labor and Industry shall determine
29 the percentage change in the All Items Consumer Price Index
30 for All Urban Consumers (CPI-U) for the United States City

1 Average as published by the United States Department of
2 Labor, Bureau of Labor Statistics for the 12-month period
3 ending September 30, 2012, and for each successive 12-month
4 period thereafter.

5 (2) If the department determines that there is no
6 positive percentage change, then no adjustment to the base
7 amounts shall occur for the relevant time period provided for
8 in this subsection.

9 (3) (i) If the department determines that there is a
10 positive percentage change in the first year that the
11 determination is made under paragraph (1), the positive
12 percentage change shall be multiplied by each base amount
13 and the products shall be added to the base amounts,
14 respectively, and the sums shall be preliminary adjusted
15 amounts.

16 (ii) The preliminary adjusted amounts shall be
17 rounded to the nearest \$100 to determine the final
18 adjusted base amounts for purposes of subsections (a),
19 (b) and (c).

20 (4) In each successive year in which there is a positive
21 percentage change in the CPI-U for the United States City
22 Average, the positive percentage change shall be multiplied
23 by the most recent preliminary adjusted amounts and the
24 products shall be added to the preliminary adjusted amount of
25 the prior year to calculate the preliminary adjusted amounts
26 for the current year. The sums thereof shall be rounded to
27 the nearest \$100 to determine the new final adjusted base
28 amounts for purposes of subsections (a), (b) and (c).

29 (5) The determinations and adjustments required under
30 this subsection shall be made in the period between October 1

1 and November 15 of the year following the effective date of
2 this subsection, and annually between October 1 and November
3 15 of each year thereafter.

4 (6) The final adjusted base amounts and new final
5 adjusted base amounts obtained under paragraphs (3) and (4)
6 shall become effective January 1 for the calendar year
7 following the year in which the determination required under
8 paragraph (1) is made.

9 (7) The department shall publish notice in the
10 Pennsylvania Bulletin prior to January 1 of each calendar
11 year of the annual percentage change determined under
12 paragraph (1) and the unadjusted or final adjusted base
13 amounts determined under paragraphs (3) and (4) at which
14 competitive bidding is required under subsection (a) or (b)
15 and written or telephonic price quotations are required under
16 subsection (c), for the calendar year beginning the first day
17 of January after publication of the notice. The notice shall
18 include a written and illustrative explanation of the
19 calculations performed by the department in establishing the
20 unadjusted or final adjusted base amounts under this
21 subsection for the ensuing calendar year.

22 (8) The annual increase in the preliminary adjusted base
23 amounts obtained under paragraphs (3) and (4) shall not
24 exceed 3%.

25 * * *

26 (h) Evasion.--

27 (1) An authority may not evade the provisions of this
28 section as to bids or purchasing materials or contracting for
29 services piecemeal for the purpose of obtaining prices under
30 [\$25,000] the amount required by this section upon

1 transactions which should, in the exercise of reasonable
2 discretion and prudence, be conducted as one transaction
3 amounting to more than [\$25,000] the amount required by this
4 section.

5 * * *

6 § 5614. Competition in award of contracts.

7 (a) Services.--

8 (1) Except as set forth in paragraph (2), all
9 construction, reconstruction, repair or work of any nature
10 made by an authority if the entire cost, value or amount,
11 including labor and materials, exceeds [\$10,000] a base
12 amount of \$18,500, subject to adjustment under subsection
13 (c.1), shall be done only under contract to be entered into
14 by the authority with the lowest responsible bidder upon
15 proper terms after public notice asking for competitive bids
16 as provided in this section.

17 * * *

18 (b) Supplies and materials.--All supplies and materials with
19 a base price costing at least [\$10,000] \$18,500, subject to
20 adjustment under subsection (c.1), shall be purchased only after
21 advertisement as provided in this section. The authority shall
22 accept the lowest bid, kind, quality and material being equal,
23 but the authority shall have the right to reject any or all bids
24 or select a single item from any bid. The provisions as to
25 bidding shall not apply to the purchase of patented and
26 manufactured products offered for sale in a noncompetitive
27 market or solely by a manufacturer's authorized dealer.

28 (c) Quotations.--Written or telephonic price quotations from
29 at least three qualified and responsible contractors shall be
30 requested for a contract [which exceeds \$4,000] in excess of the

1 base amount of \$10,000, subject to adjustment under subsection
2 (c.1), but is less than the amount requiring advertisement and
3 competitive bidding. In lieu of price quotations, a memorandum
4 shall be kept on file showing that fewer than three qualified
5 contractors exist in the market area within which it is
6 practicable to obtain quotations. A written record of telephonic
7 price quotations shall be made and shall contain at least the
8 date of the quotation; the name of the contractor and the
9 contractor's representative; the construction, reconstruction,
10 repair, maintenance or work which was the subject of the
11 quotation; and the price. Written price quotations, written
12 records of telephonic price quotations and memoranda shall be
13 retained for a period of three years.

14 (c.1) Adjustments.--Adjustments to the base amounts
15 specified under subsections (a) (1), (b) and (c) shall be made as
16 follows:

17 (1) The Department of Labor and Industry shall determine
18 the percentage change in the All Items Consumer Price Index
19 for All Urban Consumers (CPI-U) for the United States City
20 Average as published by the United States Department of
21 Labor, Bureau of Labor Statistics for the 12-month period
22 ending September 30, 2012, and for each successive 12-month
23 period thereafter.

24 (2) If the department determines that there is no
25 positive percentage change, then no adjustment to the base
26 amounts shall occur for the relevant time period provided for
27 in this subsection.

28 (3) (i) If the department determines that there is a
29 positive percentage change in the first year that the
30 determination is made under paragraph (1), the positive

1 percentage change shall be multiplied by each base amount
2 and the products shall be added to the base amounts,
3 respectively, and the sums shall be preliminary adjusted
4 amounts.

5 (ii) The preliminary adjusted amounts shall be
6 rounded to the nearest \$100 to determine the final
7 adjusted base amounts for purposes of subsections (a)(1),
8 (b) and (c).

9 (4) In each successive year in which there is a positive
10 percentage change in the CPI-U for the United States City
11 Average, the positive percentage change shall be multiplied
12 by the most recent preliminary adjusted amounts and the
13 products shall be added to the preliminary adjusted amount of
14 the prior year to calculate the preliminary adjusted amounts
15 for the current year. The sums thereof shall be rounded to
16 the nearest \$100 to determine the new final adjusted base
17 amounts for purposes of subsections (a)(1), (b) and (c).

18 (5) The determinations and adjustments required under
19 this subsection shall be made in the period between October 1
20 and November 15 of the year following the effective date of
21 this subsection, and annually between October 1 and November
22 15 of each year thereafter.

23 (6) The final adjusted base amounts and new final
24 adjusted base amounts obtained under paragraphs (3) and (4)
25 shall become effective January 1 for the calendar year
26 following the year in which the determination required under
27 paragraph (1) is made.

28 (7) The department shall publish notice in the
29 Pennsylvania Bulletin prior to January 1 of each calendar
30 year of the annual percentage change determined under

1 paragraph (1) and the unadjusted or final adjusted base
2 amounts determined under paragraphs (3) and (4) at which
3 competitive bidding is required under subsection (a)(1) and
4 (b) and written or telephonic price quotations are required
5 under subsection (c), for the calendar year beginning the
6 first day of January after publication of the notice. The
7 notice shall include a written and illustrative explanation
8 of the calculations performed by the department in
9 establishing the unadjusted or final adjusted base amounts
10 under this subsection for the ensuing calendar year.

11 (8) The annual increase in the preliminary adjusted base
12 amounts obtained under paragraphs (3) and (4) shall not
13 exceed 3%.

14 * * *

15 (h) Evasion.--

16 (1) An authority may not evade the provisions of this
17 section as to bids or purchasing materials or contracting for
18 services piecemeal for the purpose of obtaining prices under
19 [\$10,000] the amount required by this section upon
20 transactions which should, in the exercise of reasonable
21 discretion and prudence, be conducted as one transaction
22 amounting to more than [\$10,000] the amount required by this
23 section.

24 * * *

25 Section 3. Section 1750 of Title 74 is amended to read:

26 § 1750. Contracts, procurement and sale of property.

27 (a) Competitive bids.--Except in the purchase of unique
28 articles or articles which, for any other reason, cannot be
29 obtained in the open market and except as provided in section
30 1741 (relating to general powers) and as provided in this

1 chapter, competitive bids shall be secured before any purchase
2 or sale, by contract or otherwise, is made or before any
3 contract is awarded for construction, alterations, supplies,
4 equipment, repairs or maintenance or for rendering any services
5 to the authority other than professional services. Purchases
6 shall be made from or the contract shall be awarded to the
7 lowest responsive, responsible bidder. Sales shall be made to
8 the highest responsive, responsible bidder. No purchase of any
9 unique article or other articles which cannot be obtained in the
10 open market shall be made without express approval of the board
11 where the amount involved is in excess of \$25,000. The authority
12 shall not be subject to [the act of November 26, 1978 (P.L.1309,
13 No.317), referred to as the Public Works Contract Regulation
14 Law.] 62 Pa.C.S. Ch. 39 (relating to contracts for public
15 works). Nothing in this section or any other law of this
16 Commonwealth shall require the authority to competitively bid
17 architectural design, engineering, construction management or
18 other professional services required by the authority.

19 (b) Procedure.--All purchases and sales in excess of \$25,000
20 shall be awarded after advertising in a local newspaper of
21 general circulation in the metropolitan area at least two weeks
22 prior to the bid opening. Bids shall be publicly opened and read
23 aloud at a date, time and place designated in the invitation to
24 bid. Invitations to bid shall be sent at least one week prior to
25 the bid opening to at least three potential bidders who are
26 qualified technically and financially to submit bids, or, in
27 lieu thereof, a memorandum shall be kept on file showing that
28 less than three potential bidders so qualified exist in the
29 market area within which it is practicable to obtain bids.

30 [(c) Qualified vendors.--Written price quotations from at

1 least three qualified and responsible vendors shall be solicited
2 for all purchases and sales under \$25,000 and over \$10,000, or,
3 in lieu thereof, a memorandum approved by the general manager
4 shall be kept on file showing that less than three vendors so
5 qualified exist in the market area within which it is
6 practicable to obtain quotations, except as provided in this
7 chapter.]

8 (d) Small purchases.--[Purchases] Except as set forth in 62
9 Pa.C.S. § 3742 (relating to procurement limits for mass
10 transportation authorities), purchases or sales with a base
11 price under [\$10,000] \$18,500, subject to adjustment under
12 subsection (1), may be negotiated with or without competitive
13 bidding under sound procurement procedures as promulgated and
14 established by the general manager.

15 (e) Waiver.--Competitive bidding requirements may be waived
16 if it is determined by the general manager, or in such other
17 manner as the board may provide, that an emergency directly and
18 immediately affecting customer service or public health, safety
19 or welfare requires immediate delivery of supplies, materials,
20 equipment or services. A record of circumstances explaining the
21 emergency shall be submitted to the board at its next regular
22 meeting and thereafter kept on file.

23 (f) Sale or lease of real property.--Contracts for the sale
24 or lease of real property owned by the authority shall be
25 awarded after competitive bidding as shown in subsection (b),
26 except as provided in section 1741(a) (22) where the contract is
27 entered into with the Commonwealth or any government agency or
28 with the United States government or any agency or
29 instrumentality thereof or as provided in section 1741(a) (24).

30 (g) Property management contracts.--Contracts for the

1 management of authority-owned property, such as bus routes or
2 subway systems, may be negotiated and awarded by an affirmative
3 vote of one more than a majority of all members of the board.

4 (h) Avoidance prohibited.--Requirements shall not be split
5 into parts for the purpose of avoiding the provisions of this
6 section.

7 (i) Rejection of bids.--The authority shall have the right
8 to reject any or all bids or parts of any or all bids, whenever,
9 in the opinion of the board, rejection is necessary for the
10 protection of the interests of the authority. In every case, a
11 record shall be made setting forth the reason for the rejection,
12 which record shall thereafter be kept on file.

13 (j) Rules and regulations.--The board may by resolution
14 adopt policies to effectuate the provisions of this section.

15 (k) Concessions.--All concessions granted by the authority
16 for the sale of products or the rendition of services for a
17 consideration on authority property shall be awarded only under
18 written specifications after competitive bidding and to the
19 highest responsive, responsible bidder in a manner similar to
20 that required by subsection (b) [or (c) as appropriate]. This
21 requirement for competitive bidding shall not apply to any
22 concession which has been granted by a transportation system
23 acquired by the authority and which by the terms of the
24 agreement granting it will terminate within one year from date
25 of the acquisition of the transportation system by the authority
26 nor to any concession involving the estimated receipt by the
27 authority of less than [\$10,000] the base amount of \$18,500,
28 subject to adjustment under subsection (l), over the period for
29 which the concession is granted.

30 (l) Adjustments.--Adjustments to the base amounts specified

1 under subsections (b), (d) and (k) shall be made as follows:

2 (1) The Department of Labor and Industry shall determine
3 the percentage change in the All Items Consumer Price Index
4 for All Urban Consumers (CPI-U) for the United States City
5 Average as published by the United States Department of
6 Labor, Bureau of Labor Statistics for the 12-month period
7 ending September 30, 2012, and for each successive 12-month
8 period thereafter.

9 (2) If the department determines that there is no
10 positive percentage change, then no adjustment to the base
11 amounts shall occur for the relevant time period provided for
12 in this subsection.

13 (3) (i) If the department determines that there is a
14 positive percentage change in the first year that the
15 determination is made under paragraph (1), the positive
16 percentage change shall be multiplied by each base amount
17 and the products shall be added to the base amounts,
18 respectively, and the sums shall be preliminary adjusted
19 amounts.

20 (ii) The preliminary adjusted amounts shall be
21 rounded to the nearest \$100 to determine the final
22 adjusted base amounts for purposes of subsections (b),
23 (d) and (k).

24 (4) In each successive year in which there is a positive
25 percentage change in the CPI-U for the United States City
26 Average, the positive percentage change shall be multiplied
27 by the most recent preliminary adjusted amounts and the
28 products shall be added to the preliminary adjusted amount of
29 the prior year to calculate the preliminary adjusted amounts
30 for the current year. The sums thereof shall be rounded to

1 the nearest \$100 to determine the new final adjusted base
2 amounts for purposes of subsections (b), (d) and (k).

3 (5) The determinations and adjustments required under
4 this subsection shall be made in the period between October 1
5 and November 15 of the year following the effective date of
6 this subsection, and annually between October 1 and November
7 15 of each year thereafter.

8 (6) The final adjusted base amounts and new final
9 adjusted base amounts obtained under paragraphs (3) and (4)
10 shall become effective January 1 for the calendar year
11 following the year in which the determination required under
12 paragraph (1) is made.

13 (7) The department shall publish notice in the
14 Pennsylvania Bulletin prior to January 1 of each calendar
15 year of the annual percentage change determined under
16 paragraph (1) and the unadjusted or final adjusted base
17 amounts determined under paragraphs (3) and (4) at which
18 competitive bidding is required under subsection (b) or (k)
19 and the amount at which competitive bidding may apply to
20 purchase sales under subsection (d), for the calendar year
21 beginning the first day of January after publication of the
22 notice. The notice shall include a written and illustrative
23 explanation of the calculations performed by the department
24 in establishing the unadjusted or final adjusted base amounts
25 under this subsection for the ensuing calendar year.

26 (8) The annual increase in the preliminary adjusted base
27 amounts obtained under paragraphs (3) and (4) shall not
28 exceed 3%.

29 Section 4. This act shall apply to contracts and purchases
30 advertised on or after January 1 of the year following the

1 effective date of this section.

2 Section 5. This act shall take effect immediately.