



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 289

PRINTERS NO. 1435

PRIME SPONSOR: Keller

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
Local Funds	See Analysis	See Analysis

SUMMARY: Amends Act 38 ½ of 1936 regarding municipal flood improvements 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 would amend Act 38 ½ of 1936 to:

- Increase the dollar amount requiring full advertising and bidding of contracts from \$10,000 to \$25,000.
- Increase the range of a contract requiring written or telephonic quotes from \$4,000 - \$10,000 to \$10,000 - \$25,000
- Authorize 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.
- Direct L&I to adjust both the competitive bidding and written or telephonic price quotation figures by adding the determined positive percentage change to the bidding and written or telephonic quotation levels and to round the new figures to the nearest multiple of \$1,000, which 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.
- Require L&I to give notice of the annual percentage change in the CPI-U and the new amounts for advertising and bidding and for written or telephonic quotes in the Pennsylvania Bulletin prior to January 1 of each calendar year.

FISCAL IMPACT: This legislation will have no adverse impact on Commonwealth funds. Currently, there is no data available that segregates advertising expenses relating to letting requirements; however it is probable that this legislation will save municipalities that engage in flood control projects significant funds as they could reduce advertising expenses on the increased bidding threshold as well as the costs to prepare letting specifications.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: April 12, 2011

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