



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 289

PRINTERS NO. 2429

PRIME SPONSOR: M.K. Keller

### COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
Municipal 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.

**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 \$18,500;
- increase the range of a contract requiring written or telephonic quotes from \$4,000 - \$10,000 to \$10,000 - \$18,500;
- 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 in the CPI-U, not to exceed 3%, to the bidding and written or telephonic quotation levels and to round the new figures to the nearest multiple of \$100;
- specify that annual determination and calculation of adjustments 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.

- increase from \$10,000 to \$18,500, subject to the CPI adjustment, the threshold at which penalties are imposed for the evasion of advertising requirements.

**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 provide municipalities the opportunity to reduce expenses relating to advertising as well as preparing letting specifications for contracts that are between the \$10,000 and the \$18,500 threshold.

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

**DATE:** October 25, 2011

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