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SB 947 (Printer's No. 1330) Analysis

Date: November 15, 2017

**Amending the Borough Code and Third Class City Code –
Increasing the Dollar Threshold That Triggers Advertisement When Selling Municipal
Personal Property**

Prime Sponsor: Senator Hutchinson

A. Synopsis of Bill

Increases from \$1,000 to \$2,000 the value of municipal personal property below which a borough or third class city need not publicly advertise for bids when selling its personal 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 First Class Township Code.

B. Summary and Analysis of Bill

This bill amends the Borough Code and the Third Class City Code, in Titles 8 and 11 of the Pennsylvania Consolidated Statutes, respectively, by increasing from \$1,000 to \$2,000 the threshold for when municipal personal property must be advertised for sale.

For the Borough Code, the threshold for when borough council must adopt a procedure for the sale of surplus personal property is less than \$2,000 rather than less than \$1,000. For the Third Class City Code, when city council estimates the sale value of the personal property to be less than \$2,000, rather than \$1,000, council may sell the property for the best price or prices obtainable.

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

C. Relevant Current Law

Section 1201.2 of the Borough Code and section 12402.1 of the Third Class City Code provide for the sale of personal property. These sections provide that no municipal personal property may be disposed of, by sale or

otherwise, except by approval of the governing body by resolution. If the governing body estimates the fair market value of the personal property to be \$1,000 or more, the entire lot must be advertised for sale once in one newspaper not less than ten days prior to the date scheduled for the opening of bids or public auction. The sale of the advertised property shall be made to the best responsible bidder. In the Borough Code, personal property valued less than \$1,000 shall be disposed of pursuant to a procedure adopted by resolution of the borough council. In the Third Class City Code, personal property valued less than \$1,000 may be sold by council for the best price or prices obtainable.

D. Background of Bill

In the current session, Senate Bill 365 (Gordner) amends the Second Class Township Code to increase the threshold for the sale of personal property without advertisement or receiving bids from \$1,000 to \$2,000. Other municipal associations expressed interest in having their respective municipal codes similarly amended. Thus, a package of three bills is being introduced that will make this change: Act 34 of 1953 (Incorporated Towns); the First Class Township Code; and Titles 8 (Boroughs) and 11 (Third Class Cities) of the Pennsylvania Consolidated Statutes.

The threshold value of \$1,000 for the sale of personal property that determines whether the personal property must be advertised was put into the Borough Code in 1995 when it was increased from \$200 to \$1,000. The threshold value of \$1,000 was put into the Third Class City Code in 1996 when it was also increased from \$200 to \$1,000.

E. Effect of Bill

This bill will save taxpayer dollars by decreasing the need for advertising the sale of municipal personal property by raising the threshold that triggers the advertising requirement. Advertising is still required for any sales over the threshold amount.

F. Issues, Policy Questions and Stakeholder Feedback

- The Pennsylvania State Association of Boroughs supports this legislation.
 - The Pennsylvania Municipal League supports this legislation.
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G. Bill History

This bill has no previous history.