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House Bill 4720 (Substitute H-1 as passed by the House) House Bill 4722 (Substitute H-1 as passed by the House)

Sponsor: Representative Philip LaJoy (H.B. 4720)

Representative John Moolenaar (H.B. 4722)

House Committee: Education Senate Committee: Education

Date Completed: 1-28-04

### **CONTENT**

House Bill 4720 (H-1) would require the creation and operation, on a fee basis, of a cooperative bulk purchasing program for school districts; and House Bill 4722 (H-1) would exempt purchases through the program from competitive bidding.

House Bill 4722 (H-1) is tie-barred to House Bill 4720.

# House Bill 4720 (H-1)

The bill would amend the Management and Budget Act to require the Department of Management and Budget to create and operate a cooperative bulk purchasing program for school districts, public school academies, and intermediate school districts on a fee basis to reduce the costs of purchasing goods and supplies. Fees collected under the program could not exceed the cost of purchasing goods and supplies and reasonable administrative expenses.

Currently, the Department is required to provide assistance to any city, village, county, nonprofit hospital, institution of higher education, junior or community college, school district, or intermediate school district (ISD) for purchasing services on a fee basis. The bill would delete reference to a school district or ISD in that provision.

# House Bill 4722 (H-1)

The bill would amend the Revised School Code to specify that school districts, intermediate school districts, and public school academies would not be required to obtain competitive bids for items purchased through the proposed cooperative bulk purchasing program. Currently, districts, ISDs, and public school academies are required to obtain competitive bids for items costing at least \$12,500.

MCL 18.1263 (H.B. 4720) 380.623a & 380.1274 (H.B. 4722) Legislative Analyst: Claire Layman

#### **FISCAL IMPACT**

<u>State</u>. There would be a cost to the Department of Management and Budget for setting up the cooperative bulk purchasing program. Some or all of these costs could be recouped, however, from the fees collected from the schools purchasing items through the cooperative program. Also, future administrative costs would be paid by the fees charged to the purchasers.

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Local. Although local and intermediate school districts and public school academies would have to pay a fee to purchase items from the cooperative bulk purchasing program, these costs could be offset from the potential savings of purchasing items through this cooperative program. The exact amount of costs and/or offsetting savings is indeterminate.

Fiscal Analyst: Bill Bowerman

Joe Carrasco

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