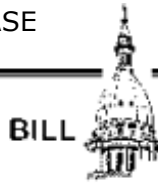




Senate Fiscal Agency  
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**BILL ANALYSIS**

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House Bill 4729 (Substitute H-1 as reported without amendment)

Sponsor: Representative Steve Tobocman

House Committee: Local Government and Urban Policy

Senate Committee: Local, Urban and State Affairs

**CONTENT**

The bill would amend Public Act 317 of 1968 (which governs public servants' contracts with public entities) to allow employees of villages and cities to buy residential property owned by their employer under certain circumstances. The bill also would make the unlawful purchase of public property by a public servant a felony punishable by imprisonment for up to one year or a fine of not less than \$1,000 or more than three times the value of the property purchased.

Under the Act, with certain exceptions, a public servant may not be party to any contract between himself or herself and the public entity for which he or she is an officer or employee. Under the bill, the prohibition would not apply to contracts to purchase residential property. A public servant of a city or village could purchase one to four parcels, with at least 18 months between each purchase. The prohibition, however, would continue to apply to public servants of a city or village who had been appointed or elected to their position or whose employment responsibilities included the purchase or selling of property for the city or village.

The provision allowing public servants to purchase residential property would apply only to a city or village that had adopted an ethics ordinance that was in effect at the time the property was purchased.

MCL 15.324

Legislative Analyst: J.P. Finet

**FISCAL IMPACT**

House Bill 4729 (H-1) and Senate Bill 654 (which would add the proposed felony to the sentencing guidelines) would have an indeterminate fiscal impact on State and local government. To the extent that the House bill would result in increased sales of public residential property, they could increase revenue for local governments. There are no data to indicate how many offenders would be convicted of unlawfully purchasing public property. An offender convicted of the Class G offense would receive a sentencing guidelines minimum sentence range of 0-3 months to 7-23 months. Local governments would incur the cost of incarceration in local facilities, which varies by county. The State would incur the cost of felony probation at an annual average cost of \$2,000, as well as the cost of incarceration in a State facility at an average annual cost of \$30,000. Public libraries would benefit from any additional penal fine revenue raised.

Date Completed: 10-21-05

Fiscal Analyst: Lindsay Hollander

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Analysis available @ <http://www.michiganlegislature.org>

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.