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BILL ANALYSIS

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Senate Bill 475 (as introduced 4-28-09)
Sponsor: Senator John Pappageorge
Committee: Judiciary

Date Completed: 4-28-09

CONTENT

The bill would amend the Management and Budget Act to require the Department of Management and Budget (DMB) to issue specific directives pertaining to vendors' conflicts of interest.

Specifically, the DMB would have to issue directives to ensure that, before the Department or any other State agency entered into a procurement contract with a vendor, the potential vendor notified the DMB of its relationships with any other vendors that had entered into a procurement contract with the State.

The DMB also would have to issue directives to ensure that, when it or any other State agency entered into a procurement contract with a vendor, the vendor did not have any of the following immediately before entering into a procurement contract or during the term of the contract:

- A conflict of interest between the vendors.
- A conflict of interest with the State.
- A situation in which the State could be overbilled due to the close relationship of the vendors.

In addition, the DMB would have to issue directives to ensure that procurement contracts had a penalty clause under which a vendor that was found to have failed to provide a notice of its relationship with other vendors or to have a prohibited conflict of interest, could lose the contract as determined by the Department, and could be barred from participating in future procurement contracts as determined by the DMB.

MCL 18.1261

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Costs associated with issuing the directives as proposed in the bill should not have any adverse impact on the Department's funds.

Fiscal Analyst: Joe Carrasco

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