

Legislative Analysis



STATE PURCHASING: DISCLOSE COST FORMULAS TO BIDDERS

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House Bill 4707 (Substitute H-2)
Sponsor: Rep. Greg MacMaster
Committee: Oversight

Complete to 6-20-13

A REVISED SUMMARY OF HOUSE BILL 4707 (H-2) AS REPORTED FROM COMMITTEE

House Bill 4707 (H-2) would amend the Management and Budget Act (MCL 18.1261) to modify state purchasing procedures when the state is soliciting bids for services currently provided by state employees.

The bill requires that if the Department of Technology, Management, and Budget (or any state agency exercising delegated purchasing authority) solicits bids for services that are currently provided by state employees, then the department (or state agency) must disclose to potential bidders all "applicable formulas" that will be used to compare the pricing provided in the bids to the state's current actual costs of providing those services, including all applicable labor costs, continuing obligations, and associated administrative costs.

However, House Bill 4707 (H-2) specifies that the department or any state agency exercising delegated purchasing authority would not be required to divulge the state's actual costs prior to awarding a contract for services described in this subsection of the act, and for that period of time would be exempt from disclosure under the Freedom of Information Act.

FISCAL IMPACT:

House Bill 4707 (H-2) would not have a significant direct fiscal impact on the Department of Technology, Management, and Budget (DTMB) and would have an indeterminate fiscal impact on state agencies soliciting bids for services that are currently provided by state employees, contingent on the competitiveness of the industry providing the services which are being bid for and how potential bidders respond to the disclosure of all applicable formulas that will be used to compare pricing provided in the bids to the state's current actual costs of providing those services.

POSITIONS:

The Department of Technology, Management and Budget supports the bill as amended in committee.

The MSEA (state employees association) opposes the bill. (6-18-13)

The Association of Federal, State, County, and Municipal Employees (AFSCME) opposes the bill. (6-18-13)

The United Auto Workers opposes the bill. (6-11-13)

The Michigan AFL-CIO opposes the bill. (6-11-13)

UAW Local 6000 (State Employees) opposes the bill. (6-11-13)

The Michigan Association of Governmental Employees opposes the bill. (6-18-13)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

