

**SUBSTITUTE FOR
HOUSE BILL NO. 4707**

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending section 261 (MCL 18.1261), as amended by 2012 PA 555.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 261. (1) The department shall provide for the purchase
2 of, the contracting for, and the providing of supplies, materials,
3 services, insurance, utilities, third party financing, equipment,
4 printing, and all other items as needed by state agencies for which
5 the legislature has not otherwise expressly provided. If consistent
6 with federal statutes, in all purchases made by the department, all
7 other things being equal, preference shall be given to products
8 manufactured or services offered by Michigan-based firms or by
9 facilities with respect to which the operator is designated as a
10 clean corporate citizen under part 14 of the natural resources and

1 environmental protection act, 1994 PA 451, MCL 324.1401 to
2 ~~324.1427.~~ **324.1429.** The department shall solicit competitive bids
3 from the private sector whenever practicable to efficiently and
4 effectively meet the state's needs. The department shall first
5 determine that competitive solicitation of bids in the private
6 sector is not appropriate before using any other procurement method
7 for an acquisition.

8 (2) The department shall make all discretionary decisions
9 concerning the solicitation, award, amendment, cancellation, and
10 appeal of state contracts.

11 (3) The department shall utilize competitive solicitation for
12 all purchases authorized under this act unless 1 or more of the
13 following apply:

14 (a) Procurement of goods or services is necessary for the
15 imminent protection of public health or safety or to mitigate an
16 imminent threat to public health or safety, as determined by the
17 director or his or her designated representative.

18 (b) Procurement of goods or services is for emergency repair
19 or construction caused by unforeseen circumstances when the repair
20 or construction is necessary to protect life or property.

21 (c) Procurement of goods or services is in response to a
22 declared state of emergency or state of disaster under the
23 emergency management act, 1976 PA 390, MCL 30.401 to 30.421.

24 (d) Procurement of goods or services is in response to a
25 declared state of emergency under 1945 PA 302, MCL 10.31 to 10.33.

26 (e) Procurement of goods or services is in response to a
27 declared state of energy emergency under 1982 PA 191, MCL 10.81 to

1 10.89.

2 (f) Procurement of goods or services is within a state
3 agency's purchasing authority delegated under subsection (4), and
4 the state agency has established policies or procedures approved by
5 the department to ensure that goods or services are purchased by
6 the state agency at fair and reasonable prices.

7 (4) The department may delegate its procurement authority to
8 other state agencies within dollar limitations and for designated
9 types of procurements. The department may withdraw delegated
10 authority upon a finding that a state agency did not comply with
11 departmental procurement directives.

12 (5) The department may enter into lease purchases or
13 installment purchases for periods not exceeding the anticipated
14 useful life of the items purchased unless otherwise prohibited by
15 law.

16 (6) The department shall issue directives for the procurement,
17 receipt, inspection, and storage of supplies, materials, and
18 equipment, and for printing and services needed by state agencies.
19 The department shall provide standard specifications and standards
20 of performance applicable to purchases.

21 (7) The department may enter into a cooperative purchasing
22 agreement with 1 or more other states or public entities for the
23 purchase of goods, including, but not limited to, recycled goods,
24 and services necessary for state programs.

25 (8) In awarding a contract under this section, the department
26 shall give a preference of up to 10% of the amount of the contract
27 to a qualified disabled veteran. If the qualified disabled veteran

1 otherwise meets the requirements of the contract solicitation and
2 with the preference is the lowest bidder, the department shall
3 enter into a procurement contract with the qualified disabled
4 veteran under this act. If 2 or more qualified disabled veterans
5 are the lowest bidders on a contract, all other things being equal,
6 the qualified disabled veteran with the lowest bid shall be awarded
7 the contract under this act.

8 (9) It is the goal of the department to award each year not
9 less than 5% of its total expenditures for construction, goods, and
10 services to qualified disabled veterans. The department may count
11 toward its 5% yearly goal described in this subsection that portion
12 of all procurement contracts in which the business entity that
13 received the procurement contract subcontracts with a qualified
14 disabled veteran. Each year, the department shall report to each
15 house of the legislature on all of the following for the
16 immediately preceding 12-month period:

17 (a) The number of qualified disabled veterans who submitted a
18 bid for a state procurement contract.

19 (b) The number of qualified disabled veterans who entered into
20 procurement contracts with this state and the total value of those
21 procurement contracts.

22 (c) Whether the department achieved the goal described in this
23 subsection.

24 (d) The recommendations described in subsection (10).

25 (10) Each year, the department shall review the progress of
26 all state agencies in meeting the 5% goal with input from statewide
27 veterans service organizations and from the business community,

1 including businesses owned by qualified disabled veterans, and
2 shall make recommendations to each house of the legislature
3 regarding continuation, increases, or decreases in the percentage
4 goal. The recommendations shall be based upon the number of
5 businesses that are owned by qualified disabled veterans and on the
6 continued need to encourage and promote businesses owned by
7 qualified disabled veterans.

8 (11) To assist the department in reaching the goal described
9 in subsection (9), the governor shall recommend to the legislature
10 changes in programs to assist businesses owned by qualified
11 disabled veterans.

12 (12) IF THE DEPARTMENT OR ANY STATE AGENCY EXERCISING
13 DELEGATED PURCHASING AUTHORITY SOLICITS BIDS FOR SERVICES THAT ARE
14 CURRENTLY PROVIDED BY STATE EMPLOYEES, THE DEPARTMENT OR STATE
15 AGENCY EXERCISING DELEGATED PURCHASING AUTHORITY SHALL DISCLOSE TO
16 POTENTIAL BIDDERS ALL APPLICABLE FORMULAS THAT WILL BE USED TO
17 COMPARE PRICING PROVIDED IN THE BIDS TO THE STATE'S CURRENT ACTUAL
18 COSTS OF PROVIDING THOSE SERVICES, INCLUDING ALL APPLICABLE LABOR
19 COSTS, CONTINUING OBLIGATIONS, AND ASSOCIATED ADMINISTRATIVE COSTS.
20 HOWEVER, THE DEPARTMENT OR ANY STATE AGENCY EXERCISING DELEGATED
21 PURCHASING AUTHORITY IS NOT REQUIRED TO DIVULGE THE STATE'S ACTUAL
22 COSTS PRIOR TO AWARDING A CONTRACT FOR SERVICES DESCRIBED IN THIS
23 SUBSECTION AND FOR THAT PERIOD OF TIME IS EXEMPT FROM DISCLOSURE
24 UNDER THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO
25 15.276.

26 (13) ~~(12)~~ As used in this section:

27 (a) "Qualified disabled veteran" means a business entity that

1 is 51% or more owned by 1 or more veterans with a service-connected
2 disability.

3 (b) "Service-connected disability" means a disability incurred
4 or aggravated in the line of duty in the active military, naval, or
5 air service as described in 38 USC 101(16).

6 (c) "Veteran" means a person who served in the army, air
7 force, navy, marine corps, or coast guard and who was discharged or
8 released from his or her service with an honorable or general
9 discharge.

10 Enacting section 1. This amendatory act takes effect upon the
11 expiration of 90 days after the date it is enacted into law.