

**SUBSTITUTE FOR
HOUSE BILL NO. 4560**

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending section 263 (MCL 18.1263), as amended by 2004 PA 589.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 263. (1) The director may authorize a state agency to
2 purchase supplies and materials for the purpose of maintaining
3 inventories. The director shall place a dollar or quantity
4 limitation to insure inventories are maintained at acceptable
5 levels. Appropriation accounts shall be charged upon the basis of
6 actual usage. Any state agency so authorized shall conduct periodic
7 inventories as directed by the director of all supplies and
8 materials under their control. Obsolete, damaged, or spoiled
9 supplies and materials shall be charged to the proper appropriation

House Bill No. 4560 (H-3) as amended January 16, 2008

1 account during the fiscal year it is determined that obsolescence,
2 damage, or spoilage has occurred.

3 (2) The department shall provide assistance to any city,
4 village, county, township, school district, intermediate school
5 district, nonprofit hospital, institution of higher education, ~~or~~
6 community or junior college, **OR SMALL BUSINESS** for purchasing
7 services on a fee basis. Fees collected for the provision of that
8 assistance are appropriated for the additional expenses incurred.

9 (3) The department shall create and operate a cooperative bulk
10 purchasing program for school districts, public school academies,
11 nonpublic schools, ~~and~~ intermediate school districts, **AND SMALL**
12 **BUSINESSES** on a fee basis to reduce the costs of purchasing goods
13 and services. Fees collected under this subsection shall not exceed
14 the cost of purchasing goods and services and reasonable
15 administrative expenses, and are appropriated for the expenses
16 incurred.

17 (4) **A VENDOR WHO HAS A CONTRACT TO SUPPLY GOODS OR SERVICES TO**
18 **THIS STATE UNDER THE COOPERATIVE BULK PURCHASING PROGRAM DESCRIBED**
19 **IN THIS SECTION IS NOT REQUIRED TO PROVIDE THOSE GOODS OR SERVICES**
20 **UNDER THAT CONTRACT TO A SMALL BUSINESS.**

21 (5) **AS USED IN THIS SECTION, "SMALL BUSINESS" MEANS A BUSINESS**
22 **CONCERN FORMED OR DOING BUSINESS IN THIS STATE, INCLUDING THE**
23 **AFFILIATES OF THE BUSINESS CONCERN, WHICH IS INDEPENDENTLY OWNED**
24 **AND OPERATED AND WHICH EMPLOYS FEWER THAN 30 EMPLOYEES AND WHICH**
25 **HAS GROSS ANNUAL SALES OF LESS THAN \$1,000,000.00.**

[(6) WHENEVER THE DEPARTMENT RECEIVES BIDS FOR THE PROGRAM FROM
MICHIGAN-BASED VENDORS AND OUT-OF-STATE VENDORS THAT OFFER EQUAL OR
COMPARABLE SERVICES, THE DEPARTMENT SHALL AWARD THE CONTRACT TO THE
MICHIGAN-BASED VENDOR, PROVIDED THAT THE MICHIGAN-BASED VENDOR'S BID IS
EQUAL TO OR LOWER THAN THAT OF ANY OUT-OF-STATE VENDOR'S BID.]