

# Legislative Analysis

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## **PUBLIC ENTITIES: POST CONTRACTS OVER \$25,000**

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### **House Bill 5274**

**Sponsor: Rep. Tom McMillin**

**Committee: Oversight, Reform, and Ethics**

**Complete to 2-13-12**

## **A SUMMARY OF HOUSE BILL 5274 AS INTRODUCED 1-24-12**

House Bill 5274 would create a new act to be known as the Public Contract Disclosure Act, which would require the Department of Technology, Management and Budget to publicly post all of Michigan's local government contracts of \$25,000 or more on its state website. A more detailed description of the bill follows.

Under the bill, beginning June 30, 2012, a *public entity* would be required to prepare a list with information concerning each of its contracts, entered into or in effect, during the past 12 months, and update it monthly.

The bill would define *public entity* to mean this state, or a city, village, township, county, department, board, agency, institution, commission, authority, division, council, college, university, school district, intermediate school district, special district, or other public instrumentality of this state.

The bill would define *contract* to mean an agreement for a public entity to procure goods or services from a private entity for \$25,000 or more. Contract does not include an employment contract for a position filled through a civil service or similar merit system or a position normally filled by a vote of the electors.

Under the bill, the information listed for each contract would include all of the following:

- The name of the contracting private entity.
- The dollar amount of the contract.

The bill requires that the public entity submit this information to the state Department of Technology, Management, and Budget electronically (in a format specified by the department), and that the department post the information on a public website within 45 days after receiving it.

The bill specifies that the public entity must update, at least monthly, the information that is to be posted.

## **FISCAL IMPACT:**

House Bill 5274 would increase administrative costs for state and local governments, as well as other public entities as defined in the bill. Specifically, a public entity would be

required to compile and update monthly a list of all contracts to procure goods and services for \$25,000 or more. The public entity would then be required to submit this information, updated on a monthly basis, to the Department of Technology, Management, and Budget (DTMB) in a format specified by the department. DTMB would be required to post this information on a public website. Public entities would realize increased administrative costs associated with compiling and maintaining an updated contract list. DTMB would realize increased administrative costs associated with maintaining the publicly accessible website in addition to any initial website development costs.

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