

SENATE BILL No. 899

January 24, 2012, Introduced by Senators WALKER, BOOHER, ANDERSON, EMMONS,
CASPERSON, GREEN, KAHN and MOOLENAAR and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 623a and 1274 (MCL 380.623a and 380.1274), as
amended by 2008 PA 540.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 623a. (1) An intermediate school board shall adopt
2 written policies governing the procurement of supplies, materials,
3 and equipment.

4 (2) Except as otherwise provided in subsection (4) or (5), an
5 intermediate school district shall not purchase an item or a group
6 of items purchased in a single transaction costing ~~\$20,959.00~~
7 **\$21,825.00** or more unless competitive bids are obtained for those
8 items and the purchase of those items is approved by the
9 intermediate school board. The maximum amount specified in this

1 section shall be adjusted each year by multiplying the amount for
2 the immediately preceding year by the percentage by which the
3 average consumer price index for all items for the 12 months ending
4 August 31 of the year in which the adjustment is made differs from
5 that index's average for the 12 months ending on August 31 of the
6 immediately preceding year and adding that product to the maximum
7 amount that applied in the immediately preceding year, rounding to
8 the nearest whole dollar.

9 (3) The intermediate school board of an intermediate school
10 district may adopt and implement a local policy that gives a
11 preference to a Michigan-based business in awarding a contract
12 under this section. The policy may provide for a preference based
13 on the status of the primary contractor as a Michigan-based
14 business or based on the status of 1 or more subcontractors of the
15 primary contractor as Michigan-based businesses, or both. A policy
16 adopted under this subsection shall be consistent with federal
17 statutes and regulations and shall not be applied to a contract
18 that is to be paid with federal funds. Upon request by an
19 intermediate school district that has adopted and implemented a
20 policy described in this subsection, the department of treasury
21 shall disclose to that intermediate school district verifying
22 information as described in section 268(3) of the management and
23 budget act, 1984 PA 431, MCL 18.1268. The adoption, implementation,
24 or application of a policy described in this subsection, or a
25 decision not to adopt, implement, or apply such a policy, does not
26 create a cause of action.

27 (4) An intermediate school district is not required to obtain

1 competitive bids for items purchased through the cooperative bulk
2 purchasing program operated by the department of management and
3 budget under section 263(3) of the management and budget act, 1984
4 PA 431, MCL 18.1263.

5 (5) An intermediate school district is not required to obtain
6 competitive bids for purchasing food unless the food is purchased
7 in a single transaction costing \$100,000.00 or more.

8 (6) The intermediate school board of an intermediate school
9 district may acquire by purchase, lease, or rental, with or without
10 option to purchase, equipment necessary for the operation of
11 intermediate school district programs, including, but not limited
12 to, heating, water heating, and cooking equipment for school
13 buildings, and may pay for the equipment from operating funds of
14 the intermediate school district. Heating and cooking equipment may
15 be purchased on a title retaining contract or other form of
16 agreement creating a security interest and pledging in payment
17 money in the general fund or funds received from state school aid.
18 The contracts may extend for not more than 10 years.

19 **(7) THE INTERMEDIATE SCHOOL BOARD OF AN INTERMEDIATE SCHOOL**
20 **DISTRICT MAY ENTER INTO A SWAP, HEDGE, DERIVATIVE, OR SIMILAR**
21 **AGREEMENT IN CONNECTION WITH THE PROCUREMENT OF DIESEL FUEL.**

22 (8) ~~(7)~~As used in this section, "Michigan-based business"
23 means a business that would qualify for a preference in a
24 procurement contract with this state as determined under section
25 268 of the management and budget act, 1984 PA 431, MCL 18.1268.

26 Sec. 1274. (1) The board of a school district or board of
27 directors of a public school academy shall adopt written policies

1 governing the procurement of supplies, materials, and equipment.

2 (2) Except as otherwise provided in subsection (4) or (5), a
3 school district or public school academy shall not purchase an item
4 or a group of items in a single transaction costing ~~\$20,959.00~~
5 **\$21,825.00** or more unless competitive bids are obtained for those
6 items and the purchase of those items is approved by the school
7 board or board of directors. The maximum amount specified in this
8 subsection shall be adjusted each year by multiplying the amount
9 for the immediately preceding year by the percentage by which the
10 average consumer price index for all items for the 12 months ending
11 August 31 of the year in which the adjustment is made differs from
12 that index's average for the 12 months ending on August 31 of the
13 immediately preceding year and adding that product to the maximum
14 amount that applied in the immediately preceding year, rounding to
15 the nearest whole dollar.

16 (3) The board of a school district or board of directors of a
17 public school academy may adopt and implement a local policy that
18 gives a preference to a Michigan-based business in awarding a
19 contract under this section. The policy may provide for a
20 preference based on the status of the primary contractor as a
21 Michigan-based business or based on the status of 1 or more
22 subcontractors of the primary contractor as Michigan-based
23 businesses, or both. A policy adopted under this subsection shall
24 be consistent with federal statutes and regulations and shall not
25 be applied to a contract that is to be paid with federal funds.
26 Upon request by a school district or public school academy that has
27 adopted and implemented a policy described in this subsection, the

1 department of treasury shall disclose to that school district or
2 public school academy verifying information as described in section
3 268(3) of the management and budget act, 1984 PA 431, MCL 18.1268.
4 The adoption, implementation, or application of a policy described
5 in this subsection, or a decision not to adopt, implement, or apply
6 such a policy, does not create a cause of action.

7 (4) A school district or public school academy is not required
8 to obtain competitive bids for items purchased through the
9 cooperative bulk purchasing program operated by the department of
10 management and budget under section 263(3) of the management and
11 budget act, 1984 PA 431, MCL 18.1263.

12 (5) A school district or public school academy is not required
13 to obtain competitive bids for purchasing food unless the food is
14 purchased in a single transaction costing \$100,000.00 or more.

15 (6) The board of a school district or local act school
16 district or board of directors of a public school academy may
17 acquire by purchase, lease, or rental, with or without option to
18 purchase, equipment necessary for the operation of the school
19 program, including, but not limited to, heating, water heating, and
20 cooking equipment for school buildings, and may pay for the
21 equipment from operating funds of the district or public school
22 academy. Heating and cooking equipment may be purchased on a title
23 retaining contract or other form of agreement creating a security
24 interest and pledging in payment money in the general fund or funds
25 received from state school aid. The contracts may extend for not
26 more than 10 years.

27 (7) **THE BOARD OF A SCHOOL DISTRICT OR BOARD OF DIRECTORS OF A**

1 PUBLIC SCHOOL ACADEMY MAY ENTER INTO A SWAP, HEDGE, DERIVATIVE, OR
2 SIMILAR AGREEMENT IN CONNECTION WITH THE PROCUREMENT OF DIESEL
3 FUEL.

4 (8) ~~(7)~~—As used in this section, "Michigan-based business"
5 means a business that would qualify for a preference in a
6 procurement contract with this state as determined under section
7 268 of the management and budget act, 1984 PA 431, MCL 18.1268.