



Senate Fiscal Agency  
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BILL ANALYSIS



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Senate Bill 662 (as introduced 6-29-05)

Sponsor: Senator Alan Sanborn

Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 10-5-05

### **CONTENT**

**The bill would amend the Management and Budget Act to allow the Department of Management and Budget (DMB) to use noncompetitive bidding for the procurement of goods or services only for the imminent protection of public health or safety; in the event of certain emergencies or disasters; or when the value of the procurement was less than \$25,000 and the price was fair and reasonable.**

Under the Act, the DMB must provide for the purchase of, the contracting for, and the provision of supplies, materials, services, insurance, utilities, third party financing, equipment, printing, and all other items as needed by State agencies for which the Legislature has not otherwise expressly provided.

The DMB must use competitive bidding for all authorized purchases unless the Department has determined that another procurement method is in the State's best interests.

Under the bill, the Department would have to use competitive bidding for all purchases authorized under the Act unless one or more of the following applied:

- Procurement of goods or services was necessary for the imminent protection of public health or safety, as determined by the Director or his or her designated representative.
- Procurement of goods or services was for emergency repair or construction caused by unforeseen circumstances when the repair or construction was necessary to protect life or property.
- Procurement of goods or services was in response to a declared state of emergency or state of disaster under the Emergency Management Act.
- Procurement of goods or services was in response to a declared state of emergency under Public Act 302 of 1945 (which establishes the emergency powers of the Governor).
- Procurement of goods or services in response to a declared state of energy emergency under Public Act 191 of 1982 (which allows for the declaration of an energy emergency).
- Procurement of goods or services was within a State agency's purchasing authority delegated under the Act, the value of the procurement was less than \$25,000, and the DMB had established policies or procedures approved by the Department to ensure that the goods and services were purchased at fair and reasonable prices.

MCL 18.1261

Legislative Analyst: J.P. Finet

## **FISCAL IMPACT**

In FY 2004-05, the Office of Acquisition Services awarded 372 contracts valued at \$1,672,774,749.59. Of the 372 contracts, 20 were sourced at a value of \$3,662,931.92. No sole source contract has been awarded by the Office of Acquisition Services since the April 30, 2005, effective date of Executive Directive 2005-3. (Executive Directive 2005-3 required the DMB Director to adopt policies necessary to use competitive solicitation for all items needed by State departments or agencies except under specified circumstances, which are the same as those listed in the bill.)

Fiscal Analyst: Bill Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.