

**SUBSTITUTE FOR  
HOUSE BILL NO. 6257**

A bill to amend 1984 PA 431, entitled  
"The management and budget act,"  
by amending section 261 (MCL 18.1261), as amended by 2005 PA 91.

**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. In all  
6 purchases made by the department, ~~all other things being equal,~~  
7 preference shall be given to products manufactured or services  
8 offered by Michigan-based firms, if consistent with federal  
9 statutes. The department shall solicit competitive bids from the

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1 private sector whenever practicable to efficiently and effectively  
2 meet the state's needs. The department shall first determine that  
3 competitive solicitation of bids in the private sector is not  
4 appropriate before it shall use any other procurement method for an  
5 acquisition.

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

9 (3) The department shall utilize competitive [~~bidding~~  
10 **SOLICITATION**] for all purchases authorized [~~pursuant to subsection (1) unless the~~  
11 ~~department has determined that another procurement method is in the~~  
12 ~~state's best interests.~~ **UNDER THIS ACT UNLESS 1 OR MORE OF THE**  
**FOLLOWING APPLY:**

**(A) PROCUREMENT OF GOODS OR SERVICES IS NECESSARY FOR THE IMMEDIATE PROTECTION OF PUBLIC HEALTH OR SAFETY OR TO MITIGATE AN IMMEDIATE THREAT TO PUBLIC HEALTH OR SAFETY, AS DETERMINED BY THE DIRECTOR OR HIS OR HER DESIGNATED REPRESENTATIVE.**

**(B) PROCUREMENT OF GOODS OR SERVICES IS FOR EMERGENCY REPAIR OR CONSTRUCTION CAUSED BY UNFORESEEN CIRCUMSTANCES WHEN THE REPAIR OR CONSTRUCTION IS NECESSARY TO PROTECT LIFE OR PROPERTY.**

**(C) PROCUREMENT OF GOODS OR SERVICES IS IN RESPONSE TO A DECLARED STATE OF EMERGENCY OR STATE OF DISASTER UNDER THE EMERGENCY MANAGEMENT ACT, 1976 PA 390, MCL 30.401 TO 30.421.**

**(D) PROCUREMENT OF GOODS OR SERVICES IS IN RESPONSE TO A DECLARED STATE OF EMERGENCY UNDER 1945 PA 302, MCL 10.31 TO 10.33.**

**(E) PROCUREMENT OF GOODS OR SERVICES IS IN RESPONSE TO A DECLARED STATE OF ENERGY EMERGENCY UNDER 1982 PA 191, MCL 10.81 TO 10.89.**

**(F) PROCUREMENT OF GOODS OR SERVICES IS WITHIN A STATE AGENCY'S PURCHASING AUTHORITY DELEGATED UNDER SUBSECTION (4), AND THE STATE AGENCY HAS ESTABLISHED POLICIES OR PROCEDURES APPROVED BY THE DEPARTMENT TO ENSURE THAT GOODS OR SERVICES ARE PURCHASED BY THE STATE AGENCY AT FAIR AND REASONABLE PRICES.]**

13 (4) The department may delegate its procurement authority to  
14 other state agencies within dollar limitations and for designated  
15 types of procurements. The department may withdraw delegated  
16 authority upon a finding that a state agency did not comply with  
17 departmental procurement directives.

18 (5) The department may enter into lease purchases or  
19 installment purchases for periods not exceeding the anticipated

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20 useful life of the items purchased unless otherwise prohibited by  
21 law.

22 (6) The department shall issue directives for the procurement,  
23 receipt, inspection, and storage of supplies, materials, and  
24 equipment, and for printing and services needed by state agencies.  
25 The department shall provide standard specifications and standards  
26 of performance applicable to purchases.

27 (7) The department may enter into a cooperative purchasing

1 agreement with 1 or more other states or public entities for the  
2 purchase of goods, including, but not limited to, recycled goods,  
3 and services necessary for state programs.

4 (8) In awarding a contract under this section, the department  
5 shall give a preference of up to 10% of the amount of the contract  
6 to a qualified disabled veteran. If the qualified disabled veteran  
7 otherwise meets the requirements of the contract solicitation and  
8 with the preference is the lowest bidder, the department shall  
9 enter into a procurement contract with the qualified disabled  
10 veteran under this act. If 2 or more qualified disabled veterans  
11 are the lowest bidders on a contract, all other things being equal,  
12 the qualified disabled veteran with the lowest bid shall be awarded  
13 the contract under this act.

14 (9) It is the goal of the department to award each year not  
15 less than 3% of its total expenditures for construction, goods, and  
16 services to qualified disabled veterans. The department may count  
17 toward its 3% yearly goal described in this subsection that portion  
18 of all procurement contracts in which the business entity that  
19 received the procurement contract subcontracts with a qualified  
20 disabled veteran. Each year, the department shall report to each  
21 house of the legislature on all of the following for the  
22 immediately preceding 12-month period:

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

25 (b) The number of qualified disabled veterans who entered into  
26 procurement contracts with this state and the total value of those  
27 procurement contracts.

1 (c) Whether the department achieved the goal described in this  
2 subsection.

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

4 (10) Each year, the department shall review the progress of  
5 all state agencies in meeting the 3% goal with input from statewide  
6 veterans service organizations and from the business community,  
7 including businesses owned by qualified disabled veterans, and  
8 shall make recommendations to each house of the legislature  
9 regarding continuation, increases, or decreases in the percentage  
10 goal. The recommendations shall be based upon the number of  
11 businesses that are owned by qualified disabled veterans and on the  
12 continued need to encourage and promote businesses owned by  
13 qualified disabled veterans.

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

18 **(12) BEGINNING ON OCTOBER 1, 2006, THE DEPARTMENT AND ALL**  
19 **STATE AGENCIES SHALL NOT ENTER INTO A CONTRACT FOR THE PURCHASE OF**  
20 **SERVICES UNDER THIS ACT UNLESS THAT CONTRACT PROVIDES THAT ONLY**  
21 **CITIZENS OF THE UNITED STATES, LEGAL RESIDENT ALIENS, OR**  
22 **INDIVIDUALS WITH A VALID VISA SHALL PERFORM THE SERVICES UNDER THAT**  
23 **CONTRACT OR ANY SUBCONTRACT UNDER THAT CONTRACT.**

24 (13) ~~-(12)-~~ As used in this section:

25 (a) "Qualified disabled veteran" means a business entity that  
26 is 51% or more owned by 1 or more veterans with a service-connected  
27 disability.

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

4           (c) "Veteran" means a person who served in the active  
5 military, naval, or air service and who was discharged or released  
6 from his or her service under conditions other than dishonorable.