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Senate Bill 502 (Substitute S-1 as reported)  
Sponsor: Senator Jason E. Allen  
Committee: Commerce and Tourism

### **CONTENT**

The bill would amend the Management and Budget Act to require that, in all purchases made by the Department of Management and Budget (DMB), a preference of 10% of the amount of the contract be granted to a certified Michigan business or to any business if the products identified in the bid were made, manufactured, or grown in Michigan. The bill also would require the DMB, if a solicitation aggregated multiple types of products, to allow a bidder to submit a bid for one or more of the types of products included in the solicitation and allow for evaluation and award of the solicitation by item type. The DMB could exclude from this requirement any item type with a value of less than \$1,000.

Currently, in all purchases made by DMB, all other things being equal, preference must be given to products manufactured or services offered by Michigan-based firms, if consistent with Federal law. The proposed preference requirement would replace that provision.

The bill would define "made" as assembled, fabricated, or processed component parts into a finished end-product, the value of which assembly, fabrication, or processing is a significant portion of the value of the finished end-product. "Manufactured" would mean made or processed raw materials into a finished end-product. "Grown" would mean produced, cultivated, raised, or harvested timber, agricultural produce, or livestock on the land or cultivated, raised, caught, or harvested products or food from the water resulting in an end-product that is locally derived from the product cultivated, raised, caught, or harvested. "End-product" would mean the item sought by a governmental body of this State and described in the solicitation, including all component parts, and in final form ready for the use intended by the governmental body.

MCL 18.1261

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

Currently, 90% of contracts awarded by the DMB are awarded to Michigan-based firms. The provisions proposed in the bill would have no impact or a relatively small impact on State resources as the remaining 10% of contracts are not awarded to Michigan firms because they did not bid on the contracts, they are unable to perform the duties specified in the contracts, or their bids were excessively high.

Date Completed: 5-6-09

Fiscal Analyst: Joe Carrasco