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BILL ANALYSIS



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Senate Bill 177 (Substitute S-2 as reported)
Sponsor: Senator Patrick J. Colbeck
Committee: Elections and Government Reform

CONTENT

The bill would amend the Management and Budget Act to do the following:

- Require the Department of Technology, Management, and Budget (DTMB) and all State agencies with procurement authority to use a bid scorecard system when awarding contracts with an expected award of \$100,000 or more.
- Require the bid scorecard system to tally contract bids based on cost, quality, service, and other relevant factors determined by the DTMB.
- Require the DTMB to assign a percentage preference for certain veteran businesses under the cost component, awarding a preference of at least 2% each to employees who are veterans, businesses owned by a veteran, and businesses owned by a qualified disabled veteran; and delete the current requirements and goal for giving preference to qualified disabled veterans.
- Require the DTMB to assign a percentage preference of 2% to Michigan-based firms and firms located in border states.
- Specify that the preference percentages would be for businesses offering a domestic source end product or service, and would be used for evaluation purposes only.
- Require a request for proposal to clearly state how the factors and points would be awarded, scaled, and evaluated in the bid scorecard system.
- Allow bidders to use subcontractors to fulfill the requirements for a preference, if the subcontractors were registered to do business in Michigan.
- Require simultaneous communication to all bidders on a contract of any change made to the evaluation criteria in a request for proposal, as well as any responses to an inquiry from an individual bidder.
- Require the DTMB to award a contract to the bidder with the highest point tally if that bidder met the minimum technical and administrative requirements.
- Make it a civil violation, rather than a felony, for a business to submit a false certification that it is a Michigan business; replace the current \$25,000 maximum penal fine with a civil fine of 10% of the value of the contract; and extend it to any business that submitted false information in support of a bid.
- Require a bidder to disclose certain employee information before it would be eligible to be certified as a Michigan business.

MCL 18.1261 & 68.1268

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill could have an indeterminate fiscal impact on the budgets of affected State departments and agencies. Potentially, State departments and agencies could have increased administrative costs associated with the proposed changes; however, the costs are indeterminate and would depend on the number of contracts awarded by a State department or agency of \$100,000 or more.

In addition, the proposed civil fine for a business submitting a false certification or other false information would have an indeterminate fiscal impact on State and local government. The bill would make it a violation to submit any false information in support of a bid, thus expanding the scope of the penalty. However, the current penalty is a criminal fine of at least \$25,000 and the penalty in the bill would be a civil fine equal to 10% of the value of the contract for which the false certification or false information was submitted. Since contracts are awarded for varying amounts, it is unknown whether the proposed fine would be greater or less than the current fine for any given violation. Penal fine revenue is dedicated to public libraries. Since the bill does not indicate how the revenue from the civil fine would be allocated, presumably it would be deposited in the State General Fund.

Date Completed: 6-8-17

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