

**SUBSTITUTE FOR  
HOUSE BILL NO. 5639**

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending sections 623a, 1267, and 1274 (MCL 380.623a, 380.1267,  
and 380.1274), section 623a as amended by 2007 PA 45, section 1267  
as amended by 2004 PA 232, and section 1274 as amended by 2004 PA  
588.

**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 ~~(3)~~-(4), an  
5 intermediate school district shall not purchase an item or a group  
6 of items purchased in a single transaction costing ~~\$19,211.00~~  
7 **\$20,102.00** or more unless competitive bids are obtained for those

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

11 (3) IN AWARDING A CONTRACT UNDER THIS SECTION, THE  
12 INTERMEDIATE SCHOOL DISTRICT MAY GIVE A PREFERENCE OF UP TO 10% OF  
13 THE AMOUNT OF THE CONTRACT[, OR \$100,000.00, WHICHEVER IS LESS,] TO A  
14 MICHIGAN-BASED FIRM. IF THE  
15 MICHIGAN-BASED FIRM OTHERWISE MEETS THE REQUIREMENTS OF THE  
16 CONTRACT SOLICITATION AND WITH THESE PREFERENCES IS THE LOWEST  
17 RESPONSIBLE BIDDER, THE INTERMEDIATE SCHOOL DISTRICT MAY AWARD THE  
18 CONTRACT TO THE MICHIGAN-BASED FIRM. IF 2 OR MORE MICHIGAN-BASED  
19 FIRMS ARE THE LOWEST RESPONSIBLE BIDDERS ON A CONTRACT WITH THESE  
20 PREFERENCES, ALL OTHER THINGS BEING EQUAL, THE INTERMEDIATE SCHOOL  
21 DISTRICT MAY AWARD THE CONTRACT TO THE MICHIGAN-BASED FIRM WITH THE  
22 LOWEST RESPONSIBLE BID.

23 (4) ~~(3)~~—An intermediate school district is not required to  
24 obtain competitive bids for items purchased through the cooperative  
25 bulk purchasing program operated by the department of management  
26 and budget under section 263(3) of the management and budget act,  
27 1984 PA 431, MCL 18.1263.

(5) ~~(4)~~—The intermediate school board of an intermediate

1 school district may acquire by purchase, lease, or rental, with or  
2 without option to purchase, equipment necessary for the operation  
3 of intermediate school district programs, including, but not  
4 limited to, heating, water heating, and cooking equipment for  
5 school buildings, and may pay for the equipment from operating  
6 funds of the intermediate school district. Heating and cooking  
7 equipment may be purchased on a title retaining contract or other  
8 form of agreement creating a security interest and pledging in  
9 payment money in the general fund or funds received from state  
10 school aid. The contracts may extend for not more than 10 years.

11 (6) AS USED IN THIS SECTION, "MICHIGAN-BASED FIRM" MEANS A  
12 FIRM THAT WOULD QUALIFY FOR A PREFERENCE IN A PROCUREMENT CONTRACT  
13 WITH THIS STATE UNDER SECTION 261(1) OF THE MANAGEMENT AND BUDGET  
14 ACT, 1984 PA 431, MCL 18.1261, AS DETERMINED BY THE DEPARTMENT OF  
15 MANAGEMENT AND BUDGET.

16 Sec. 1267. (1) Before commencing construction of a new school  
17 building, or addition to or repair or renovation of an existing  
18 school building, except repair in emergency situations, the board  
19 of a school district or intermediate school district or board of  
20 directors of a public school academy, shall obtain competitive bids  
21 on all the material and labor required for the complete  
22 construction of a proposed new building or addition to or repair or  
23 renovation of an existing school building.

24 (2) The board, intermediate school board, or board of  
25 directors shall advertise for the bids required under subsection  
26 (1) by placing an advertisement for bids at least once in a  
27 newspaper of general circulation in the area where the building or

1 addition is to be constructed or where the repair or renovation of  
2 an existing building is to take place and by posting an  
3 advertisement for bids for at least 2 weeks on the department of  
4 management and budget website on a page on the website maintained  
5 for this purpose or on a website maintained by a school  
6 organization and designated by the department of management and  
7 budget for this purpose. If the department of management and budget  
8 designates a school organization website for this purpose, the  
9 department of management and budget shall indicate this fact on its  
10 website and include a link on its website to the school  
11 organization website.

12 (3) The advertisement for bids shall do all of the following:

13 (a) Specify the date and time by which all bids must be  
14 received by the board, intermediate school board, or board of  
15 directors.

16 (b) State that the board, intermediate school board, or board  
17 of directors will not consider or accept a bid received by the  
18 board, intermediate school board, or board of directors after the  
19 date and time specified for bid submission.

20 (c) Identify the time, date, and place of a public meeting at  
21 which the board, intermediate school board, or board of directors  
22 or its designee will open and read aloud each bid received by the  
23 board, intermediate school board, or board of directors by the date  
24 and time specified in subdivision (a).

25 (d) State that the bid shall be accompanied by a sworn and  
26 notarized statement disclosing any familial relationship that  
27 exists between the owner or any employee of the bidder and any

1 member of the board, intermediate school board, or board of  
2 directors or the superintendent of the school district,  
3 intermediate superintendent of the intermediate school district, or  
4 chief executive officer of the public school academy. A board,  
5 intermediate school board, or board of directors shall not accept a  
6 bid that does not include this sworn and notarized disclosure  
7 statement.

8 (4) The board, intermediate school board, or board of  
9 directors shall require each bidder for a contract under this  
10 section to file with the board, intermediate school board, or board  
11 of directors security in an amount not less than 1/20 of the amount  
12 of the bid conditioned to secure the school district from loss or  
13 damage by reason of the withdrawal of the bid or by the failure of  
14 the bidder to enter a contract for performance, if the bid is  
15 accepted by the board, intermediate school board, or board of  
16 directors.

17 (5) The board, intermediate school board, or board of  
18 directors shall not open, consider, or accept a bid that the board,  
19 intermediate school board, or board of directors receives after the  
20 date and time specified for bid submission in the advertisement for  
21 bids described in subsection (3).

22 (6) At a public meeting identified in the advertisement for  
23 bids described in subsection (3), the board, intermediate school  
24 board, or board of directors or its designee shall open and read  
25 aloud each bid that the board, intermediate school board, or board  
26 of directors received at or before the time and date for bid  
27 submission specified in the advertisement for bids. The board,

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1 intermediate school board, or board of directors may reject any or  
2 all bids, and if all bids are rejected, shall readvertise in the  
3 manner required by this section.

4 (7) IN AWARDING A CONTRACT UNDER THIS SECTION, THE BOARD,  
5 INTERMEDIATE SCHOOL BOARD, OR BOARD OF DIRECTORS MAY GIVE A  
6 PREFERENCE OF UP TO 10% OF THE AMOUNT OF THE CONTRACT[, OR \$100,000.00,  
7 WHICHEVER IS LESS,] TO A  
8 MICHIGAN-BASED FIRM. IF THE MICHIGAN-BASED FIRM OTHERWISE MEETS THE  
9 REQUIREMENTS OF THE CONTRACT SOLICITATION AND WITH THESE  
10 PREFERENCES IS THE LOWEST RESPONSIBLE BIDDER, THE BOARD,  
11 INTERMEDIATE SCHOOL BOARD, OR BOARD OF DIRECTORS MAY AWARD THE  
12 CONTRACT TO THE MICHIGAN-BASED FIRM. IF 2 OR MORE MICHIGAN-BASED  
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14 PREFERENCES, ALL OTHER THINGS BEING EQUAL, THE BOARD, INTERMEDIATE  
15 SCHOOL BOARD, OR BOARD OF DIRECTORS MAY AWARD THE CONTRACT TO THE  
16 MICHIGAN-BASED FIRM WITH THE LOWEST RESPONSIBLE BID.

17 (8) ~~(7)~~—This section does not apply to buildings, renovations,  
18 or repairs costing less than ~~\$17,932.00~~ \$20,102.00 or to repair  
19 work normally performed by school district, intermediate school  
20 board, or public school academy employees. The maximum amount  
21 specified in this subsection shall be adjusted each year by  
22 multiplying the amount for the immediately preceding year by the  
23 percentage by which the average consumer price index for all items  
24 for the 12 months ending August 31 of the year in which the  
25 adjustment is made differs from that index's average for the 12  
26 months ending on August 31 of the immediately preceding year and  
27 adding that product to the maximum amount that applied in the  
immediately preceding year, rounding to the nearest whole dollar.

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1           (9) AS USED IN THIS SECTION, "MICHIGAN-BASED FIRM" MEANS A  
2 FIRM THAT WOULD QUALIFY FOR A PREFERENCE IN A PROCUREMENT CONTRACT  
3 WITH THIS STATE UNDER SECTION 261(1) OF THE MANAGEMENT AND BUDGET  
4 ACT, 1984 PA 431, MCL 18.1261, AS DETERMINED BY THE DEPARTMENT OF  
5 MANAGEMENT AND BUDGET.

6           Sec. 1274. (1) The board of a school district or board of  
7 directors of a public school academy shall adopt written policies  
8 governing the procurement of supplies, materials, and equipment.

9           (2) Except as otherwise provided in subsection ~~(3)~~-(4), a  
10 school district or public school academy shall not purchase an item  
11 or a group of items in a single transaction costing ~~\$17,932.00~~  
12 \$20,102.00 or more unless competitive bids are obtained for those  
13 items and the purchase of those items is approved by the school  
14 board or board of directors. The maximum amount specified in this  
15 subsection shall be adjusted each year by multiplying the amount  
16 for the immediately preceding year by the percentage by which the  
17 average consumer price index for all items for the 12 months ending  
18 August 31 of the year in which the adjustment is made differs from  
19 that index's average for the 12 months ending on August 31 of the  
20 immediately preceding year and adding that product to the maximum  
21 amount that applied in the immediately preceding year, rounding to  
22 the nearest whole dollar.

23           (3) IN AWARDING A CONTRACT UNDER THIS SECTION, THE SCHOOL  
24 DISTRICT OR PUBLIC SCHOOL ACADEMY MAY GIVE A PREFERENCE OF UP TO  
25 10% OF THE AMOUNT OF THE CONTRACT[, OR \$100,000.00, WHICHEVER IS LESS,]  
26 TO A MICHIGAN-BASED FIRM. IF THE  
27 MICHIGAN-BASED FIRM OTHERWISE MEETS THE REQUIREMENTS OF THE  
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12 (5) ~~(4)~~—The board of a school district or local act school  
13 district or board of directors of a public school academy may  
14 acquire by purchase, lease, or rental, with or without option to  
15 purchase, equipment necessary for the operation of the school  
16 program, including, but not limited to, heating, water heating, and  
17 cooking equipment for school buildings, and may pay for the  
18 equipment from operating funds of the district or public school  
19 academy. Heating and cooking equipment may be purchased on a title  
20 retaining contract or other form of agreement creating a security  
21 interest and pledging in payment money in the general fund or funds  
22 received from state school aid. The contracts may extend for not  
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