



SENATE BILL No. 1182

June 2, 1994, Introduced by Senators SCHWARZ, BOUCHARD,
DUNASKISS, GEAKE, DINGELL and CHERRY and referred to
the Committee on Government Operations

A bill to amend section 4 of Act No 318 of the Public Acts
of 1968, entitled

"An act to implement the provisions of section 10 of article 4 of
the constitution relating to substantial conflicts of interest on
the part of members of the legislature and state officers in
respect to contracts with the state and the political subdivi-
sions thereof to provide for penalties for the violation there-
of to repeal all acts and parts of acts in conflict with this
act and to validate certain contracts,"

being section 15 304 of the Michigan Compiled Laws

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 4 of Act No 318 of the Public Acts of
2 1968, being section 15 304 of the Michigan Compiled Laws, is
3 amended to read as follows

4 Sec 4 (1) ~~The word "interested" as~~ AS used in section
5 2, ~~refers to~~ "INTERESTED" MEANS a pecuniary interest

6 (2) If there is a conflict of interest on the part of a
7 legislator or state officer in respect to a contract with the

1 state or a political subdivision ~~thereof~~ OF THE STATE, ~~in~~
 2 ~~order to come within the prohibitions of~~ TO BE PROHIBITED BY
 3 this act ~~—~~, his OR HER personal interest must be of such sub-
 4 stance as to induce action on his OR HER part ~~in promoting~~ TO
 5 PROMOTE the contract for his OR HER own personal benefit

6 (3) In the following cases, there ~~shall be deemed to be~~ IS
 7 no SUBSTANTIAL conflict of interest ~~which is substantial—~~

8 (a) ~~In respect to a~~ A contract between the state or ~~any~~
 9 A political subdivision ~~thereof~~ OF THE STATE and ANY OF THE
 10 FOLLOWING

11 (1) ~~a~~ A corporation in which a legislator or state officer
 12 is a stockholder owning 1/ or less of the total stock outstanding
 13 in any class ~~where such~~ IF THE stock is not listed on a stock
 14 exchange or THE stock ~~with~~ HAS a present ~~total~~ market value
 15 ~~not in excess~~ of \$25,000 00 ~~where such~~ OR LESS IF THE stock
 16 is listed on a stock exchange ~~— or —~~

17 (11) ~~(11) a~~ A corporation in ~~whose stock~~ WHICH a trust
 18 WHERE A LEGISLATOR OR STATE OFFICER IS A BENEFICIARY UNDER THE
 19 TRUST, owns 1/ or less of the total stock outstanding in any
 20 class ~~where such~~ IF THE stock is not listed on a stock exchange
 21 or THE stock ~~with~~ HAS a present ~~total~~ market value ~~not in~~
 22 ~~excess~~ of \$25,000 00 ~~where such~~ OR LESS IF THE stock is listed
 23 on a stock exchange ~~where a legislator or state officer is a~~
 24 ~~beneficiary under such trust—~~

25 (111) A PROFESSIONAL LIMITED LIABILITY COMPANY ORGANIZED
 26 PURSUANT TO THE MICHIGAN LIMITED LIABILITY COMPANY ACT, ACT
 27 NO 23 OF THE PUBLIC ACTS OF 1993, BEING SECTIONS 450 5101 TO

1 450 6200 OF THE MICHIGAN COMPILED LAWS, IF A LEGISLATOR OR STATE
2 OFFICER IS AN EMPLOYEE BUT NOT A MEMBER OF THE COMPANY

3 (b) ~~In respect to a~~ A contract between the state or ~~any~~
4 A political subdivision ~~thereof~~ OF THE STATE and ANY OF THE
5 FOLLOWING

6 (1) ~~a~~ A corporation in which a legislator or state officer
7 is a stockholder owning more than 1/ of the total stock outstand-
8 ing in any class ~~where such~~ IF THE stock is not listed on a
9 stock exchange or THE stock ~~with~~ HAS a present ~~total~~ market
10 value in excess of \$25 000 00 ~~where such~~ IF THE stock is listed
11 on a stock exchange or a director, officer, or employee ~~—~~

12 (11) ~~a~~ A firm, ~~meaning a copartnership~~ PARTNERSHIP, or
13 other unincorporated association, in which a legislator or state
14 officer is a partner member, or employee ~~—~~

15 (111) ~~a~~ A corporation or firm ~~from which~~ THAT HAS an
16 indebtedness ~~is~~ owed to a legislator or state officer ~~— or~~

17 (1v) ~~a~~ A trustee or trustees under a trust in which a leg-
18 islator or state officer is a beneficiary or trustee ~~—~~ or a
19 corporation in whose stock ~~such~~ THE trust funds are invested,
20 if ~~such~~ THE investment includes more than 1/ of the total stock
21 outstanding in any class ~~where such~~ IF THE stock is not listed
22 on a stock exchange or IF THE stock ~~with~~ HAS a present ~~total~~
23 market value in excess of \$25,000 00 ~~where such~~ IF THE stock is
24 listed on a stock exchange, ~~—~~ if the legislator or state offi-
25 cer does not solicit the contract, takes no part in the negotia-
26 tions for or in the approval of the contract or any amendment
27 ~~thereto~~ TO THE CONTRACT, and does not in any way represent

1 either party in the transaction and ~~if~~ the contract is not with
2 or authorized by the department or agency of the state or a
3 political subdivision ~~thereof~~ with which the state officer is
4 connected

5 (c) ~~In respect to a~~ A contract between the state and a
6 political subdivision ~~thereof~~ OF THE STATE or between ~~such~~
7 political subdivisions OF THE STATE

8 (d) ~~In respect to a~~ A contract awarded to the lowest qual-
9 ified bidder, upon receipt of sealed bids pursuant to a published
10 notice ~~therefor~~ FOR BIDS provided ~~such~~ THE notice does not
11 bar, except as authorized by law any qualified person firm
12 corporation or trust from bidding This ~~subsection shall~~
13 SUBDIVISION DOES not apply to amendments or renegotiations of a
14 contract ~~nor~~ OR to additional payments ~~thereunder~~ UNDER THE
15 CONTRACT which were not authorized by the contract at the time of
16 award ~~and~~

17 (e) ~~In respect to a~~ A contract for public utility services
18 where the rates ~~therefor~~ FOR THE SERVICES are regulated by the
19 state or federal government