

**SUBSTITUTE FOR  
HOUSE BILL NO. 5850**

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending section 1804 (MCL 380.1804) and by adding sections  
1814, 1815, and 1816.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1804. ~~A~~ **Except as otherwise provided in this act, a**  
2 school official or member of a school board or intermediate  
3 school board or other person who neglects or refuses to do or  
4 perform an act required by this act, or who violates or knowingly  
5 permits or consents to a violation of this act, is guilty of a  
6 misdemeanor punishable by a fine not more than \$500.00, or  
7 imprisonment for not more than 3 months, or both.

8       Sec. 1814. (1) **Except as otherwise provided in subsection**  
9 **(2), a person shall not use intermediate school district funds or**  
10 **other public funds under the control of the intermediate school**

1 district for purchasing alcoholic beverages, jewelry, gifts, fees  
2 for golf, or any item the purchase or possession of which is  
3 illegal.

4       (2) Subsection (1) does not prohibit the use of public funds  
5 for the purchase of a plaque, medal, trophy, or other award for  
6 the recognition of an employee, volunteer, or pupil if the  
7 purchase does not exceed \$100.00 per recipient. Beginning  
8 January 1, 2005, the monetary amount for this exception shall be  
9 adjusted each January 1 pursuant to the annual average percentage  
10 increase or decrease in the Detroit consumer price index--all  
11 items. The adjustment for each year shall be made by comparing  
12 the percentage increase or decrease in the Detroit consumer price  
13 index for the preceding August by the corresponding Detroit  
14 consumer price index--all items 1 year earlier. The resultant  
15 percentage change shall then be multiplied by the affected  
16 monetary amount. These results shall be rounded up to the  
17 nearest dollar and added to or subtracted from the current  
18 monetary amounts as previously adjusted by this subsection to  
19 determine the new amount for that year. The adjustment shall  
20 apply only to expenditures or violations occurring after the date  
21 of the adjusting of the amount. The adjusted amount shall be  
22 determined and announced by the department on or before December  
23 15 of each year and shall be provided to all persons requesting  
24 the adjusted amount. If the index is unavailable, the department  
25 shall make a reasonable approximation.

26       (3) In addition to any other penalty provided by law, a  
27 person who violates subsection (1) is guilty of a crime

1 punishable by imprisonment for not more than 93 days or a fine,  
2 or both. The amount of the fine shall be as follows:

3 (a) If the cumulative amount of the funds that were used by  
4 the person in violation of subsection (1) is less than \$5,000.00,  
5 up to \$1,000.00.

6 (b) If the cumulative amount of the funds that were used by  
7 the person in violation of subsection (1) is at least \$5,000.00  
8 and less than \$10,000.00, at least \$1,000.00 and not to exceed  
9 \$2,000.00.

10 (c) If the cumulative amount of the funds that were used by  
11 the person in violation of subsection (1) is at least \$10,000.00  
12 and less than \$15,000.00, at least \$2,000.00 and not to exceed  
13 \$3,000.00.

14 (d) If the cumulative amount of the funds that were used by  
15 the person in violation of subsection (1) is at least \$15,000.00  
16 and less than \$25,000.00, at least \$3,000.00 and not to exceed  
17 \$4,000.00.

18 (e) If the cumulative amount of the funds that were used by  
19 the person in violation of subsection (1) is \$25,000.00 or more,  
20 at least \$4,000.00.

21 (4) A court shall order a person convicted of a violation of  
22 subsection (1) to make restitution to the affected intermediate  
23 school district.

24 (5) As used in this section, "public funds" means funds  
25 generated from taxes levied under this act, state appropriations  
26 of state or federal funds, or payments to the intermediate school  
27 district for services, but does not include voluntary

1 contributions made for a specific purpose by an intermediate  
2 school district board member, an intermediate school district  
3 employee, another individual, or a private entity.

4       Sec. 1815. A person who knowingly or intentionally violates  
5 the competitive bidding requirements of section 1267, or who  
6 knowingly or intentionally permits or consents to a violation of  
7 the competitive bidding requirements of section 1267, is guilty  
8 of a crime punishable by a fine in an amount equal to not more  
9 than 10% of the cost of the project involved in the violation or  
10 imprisonment for not more than 1 year, or both, but is not  
11 subject to the penalties of section 1804.

12       Sec. 1816. A person who knowingly or intentionally uses the  
13 proceeds of bonds issued under this act for a purpose other than  
14 a purpose for which the bonds were issued, as stated in the  
15 ballot proposal authorizing the issuance of the bonds, or who  
16 knowingly or intentionally permits or consents to such a misuse  
17 of the proceeds of bonds issued under this act, is guilty of a  
18 crime punishable by a fine in an amount equal to not more than  
19 10% of the cost of the project involved in the violation or  
20 imprisonment for not more than 1 year, or both, but is not  
21 subject to the penalties of section 1804.