

**SENATE 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 by multiplying the amount for the  
10 immediately preceding year by the percentage by which the average  
11 consumer price index for all items for the 12 months ending  
12 August 31 of the year in which the adjustment is made differs  
13 from that index's average for the 12 months ending on August 31  
14 of the immediately preceding year and adding that product to the  
15 maximum amount that applied in the immediately preceding year,  
16 rounding to the nearest whole dollar. The adjustment shall apply  
17 only to expenditures or violations occurring after the date of  
18 the adjusting of the amount. The adjusted amount shall be  
19 determined and announced by the department on or before December  
20 15 of each year and shall be provided to all persons requesting  
21 the adjusted amount. If the index is unavailable, the department  
22 shall make a reasonable approximation.

23 (3) In addition to any other penalty provided by law, a  
24 person who knowingly or intentionally violates subsection (1) is  
25 guilty of a misdemeanor punishable by imprisonment for not more  
26 than 93 days or a fine, or both. The amount of the fine shall be  
27 as follows:

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

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

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

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

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

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

22 (5) As used in this section, "public funds" means funds  
23 generated from taxes levied under this act, state appropriations  
24 of state or federal funds, or payments to the intermediate school  
25 district for services, but does not include voluntary  
26 contributions made for a specific purpose by an intermediate  
27 school district board member, an intermediate school district

1 employee, another individual, or a private entity.

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

10       Sec. 1816. A person who knowingly or intentionally uses the  
11 proceeds of bonds issued under this act for a purpose other than  
12 a purpose for which the bonds were issued, as stated in the  
13 ballot proposal authorizing the issuance of the bonds, or who  
14 knowingly or intentionally permits or consents to such a misuse  
15 of the proceeds of bonds issued under this act, is guilty of a  
16 felony punishable by a fine in an amount equal to not more than  
17 10% of the cost of the project involved in the violation or  
18 imprisonment for not more than 4 years, or both, but is not  
19 subject to the penalties of section 1804.