

# Legislative Analysis



## STATE AGENCY PROCUREMENT AUTHORITY

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4831 (proposed substitute H-1)**

**Sponsor: Rep. Sarah L. Lightner**

**Committee: Oversight**

**Complete to 11-6-19**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 4831 would amend the Management and Budget Act to require a state agency having delegated authority to enter contracts to procure certain goods and services to obtain written approval from the Department of Technology, Management, and Budget (DTMB) before exercising an option to continue a current procurement contract.

Under current law, DTMB is required to purchase, contract for, and provide supplies, materials, services, insurance, utilities, third-party financing, equipment, printing, and all other items needed by state agencies for which the legislature has not expressly provided otherwise. Unless specific conditions apply, DTMB must utilize competitive solicitation for all authorized purchases.

DTMB may also delegate its procurement authority to other state agencies within dollar limitations and for designated types of procurements and can withdraw the authorization if it finds that a state agency did not comply with departmental procurement directives. If a state agency has been delegated authority to procure goods or services by DTMB, and if that agency has established policies or procedures approved by DTMB to ensure that goods or services are purchased at fair and reasonable prices, the state agency does not have to utilize competitive solicitation.

House Bill 4831 would amend the act to specify that *before* a state agency that has procurement authority delegated by DTMB chooses to exercise an option under an existing procurement contract to continue that contract, the agency must obtain written approval from DTMB that doing so is in the best interest of the state.

MCL 18.1261

### FISCAL IMPACT:

House Bill 4831 would have a minimal direct fiscal impact on DTMB and on state departments and agencies with delegated procurement authority. DTMB currently employs personnel to review and grant agency procurement requests. The responsibilities required of DTMB by the bill would not significantly increase the workload of these positions. DTMB already reviews agencies' spending for possible consolidation opportunities;

however, the bill could lead to potential cost savings if DTMB determines that a continuation of a contract would not be cost-effective for the state.

The bill would have no fiscal impact on local units of government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.