



# HOUSE BILL No. 5345

October 31, 1995, Introduced by Reps. Munsell, Perricone, Dolan, Dobb, DeLange and Galloway and referred to the Committee on Commerce.

A bill to regulate certain activities by state institutions of higher education; and to specify certain powers and duties of certain state officers, institutions, and agencies.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. As used in this act:

2       (a) "General public" means any person who is not a student  
3 enrolled in the state institution of higher education, who is not  
4 participating in a program of the institution for which preregis-  
5 tration is required, and who is not an employee of the institu-  
6 tion or a dependent of an employee of the institution.

7       (b) "State institution of higher education" or "institution"  
8 means a college or university described in section 4, 5, or 6 of  
9 article VIII of the state constitution of 1963.

10       Sec. 2. (1) A state institution of higher education shall  
11 not sell goods to the general public or perform a service for the

1 general public unless the state institution of higher education  
2 charges at least the cost of the goods or service, as calculated  
3 under this act.

4 (2) In calculating the cost of goods or a service, all of  
5 the following shall be included:

6 (a) The actual cost to the institution of providing the  
7 goods or service, including, but not limited to, all of the  
8 following:

9 (i) Labor expenses, including, but not limited to, direct  
10 wage and salary costs, training costs, overtime, and supervisory  
11 overhead.

12 (ii) Total employee fringe benefits and other personnel  
13 expenses.

14 (iii) Operating costs incurred in the sale or service,  
15 including, but not limited to, vehicle maintenance and repair,  
16 marketing, advertising and other sales expenses, office expenses,  
17 billing, and insurance expenses.

18 (b) A proportionate share of the real estate and equipment  
19 costs, debt service costs, and other overhead and capital  
20 expenses, including, but not limited to, vehicle depreciation and  
21 depreciation of other fixed assets such as buildings and equip-  
22 ment, used in providing facilities for the sale or service.

23 (c) Contract management costs incurred in the sale or  
24 service.

25 (d) The imputed tax impact of the activity if the institu-  
26 tion were required to pay federal and state taxes in the same

1 manner as a private enterprise business supplying similar goods  
2 or services for profit.

3 (e) Any other cost that would customarily be incurred by a  
4 private enterprise business supplying similar goods or services  
5 for profit.

6 Sec. 3. The auditor general shall conduct periodic audits  
7 of institutional records of state institutions of higher educa-  
8 tion to ensure compliance with this act, and shall report on  
9 ~~those audits~~ to the standing committees of the senate and house  
10 of representatives that have jurisdiction over higher education  
11 legislation.