

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4720**

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending section 263 (MCL 18.1263).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 263. (1) The director may authorize a state agency to
2 purchase supplies and materials for the purpose of maintaining
3 inventories. The director shall place a dollar or quantity
4 limitation to insure inventories are maintained at acceptable
5 levels. Appropriation accounts shall be charged upon the basis
6 of actual usage. Any state agency so authorized shall conduct
7 periodic inventories as directed by the director of all supplies
8 and materials under their control. Obsolete, damaged, or spoiled
9 supplies and materials shall be charged to the proper
10 appropriation account during the fiscal year it is determined
11 that obsolescence, damage, or spoilage has occurred.

1 (2) The department shall provide assistance to any city,
2 village, county, township, ~~school district, intermediate school~~
3 ~~district,~~ nonprofit hospital, institution of higher education,
4 or community or junior college for purchasing services on a fee
5 basis. Fees collected for the provision of that assistance are
6 appropriated for the additional expenses incurred.

7 (3) **The department shall create and operate a cooperative**
8 **bulk purchasing program for school districts, public school**
9 **academies, nonpublic schools, and intermediate school districts**
10 **on a fee basis to reduce the costs of purchasing goods and**
11 **supplies. Fees collected under this subsection shall not exceed**
12 **the cost of purchasing goods and supplies and reasonable**
13 **administrative expenses.**