

HOUSE BILL NO. 5277

November 12, 2025, Introduced by Reps. Snyder, Xiong, Young, O'Neal, B. Carter, Neeley, Price, McKinney, Witwer, Tate, Weiss, Paiz, Glanville, Byrnes, Longjohn, T. Carter, Koleszar, McFall, Liberati, Wooden and Breen and referred to Committee on Government Operations.

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending section 261 (MCL 18.1261), as amended by 2020 PA 174.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 261. (1) The department shall provide for the purchase
2 of, the contracting for, and the providing of supplies, materials,
3 services, insurance, utilities, ~~third party~~ **third-party** financing,
4 equipment, printing, and all other items as needed by state
5 agencies for which the legislature has not otherwise expressly

1 provided. If consistent with federal statutes, in all purchases
2 made by the department, all other things being equal, preference
3 ~~shall~~**must** be given to products manufactured or services offered by
4 Michigan-based firms or by facilities with respect to which the
5 operator is designated as a clean corporate citizen under part 14
6 of the natural resources and environmental protection act, 1994 PA
7 451, MCL 324.1401 to 324.1429, or to biobased products whose
8 content is sourced in this state. The department shall solicit
9 competitive bids from the private sector whenever practicable to
10 efficiently and effectively meet the state's needs. The department
11 ~~shall~~**must** first determine that competitive solicitation of bids in
12 the private sector is not appropriate before using any other
13 procurement method for an acquisition.

14 (2) The department shall make all discretionary decisions
15 concerning the solicitation, award, amendment, cancellation, and
16 appeal of state contracts.

17 (3) The department shall utilize competitive solicitation for
18 all purchases authorized under this act unless 1 or more of the
19 following apply:

20 (a) Procurement of goods or services is necessary for the
21 imminent protection of public health or safety or to mitigate an
22 imminent threat to public health or safety, as determined by the
23 director or ~~his or her~~**the** designated representative **of the**
24 **director.**

25 (b) Procurement of goods or services is for emergency repair
26 or construction caused by unforeseen circumstances ~~when~~**if** the
27 repair or construction is necessary to protect life or property.

28 (c) Procurement of goods or services is in response to a
29 declared state of emergency or state of disaster under the

1 emergency management act, 1976 PA 390, MCL 30.401 to 30.421.

2 ~~(d) Procurement of goods or services is in response to a~~
3 ~~declared state of emergency under 1945 PA 302, MCL 10.31 to 10.33.~~

4 (d) ~~(e)~~ Procurement of goods or services is in response to a
5 declared state of energy emergency under 1982 PA 191, MCL 10.81 to
6 10.89.

7 (e) ~~(f)~~ Procurement of goods or services is within a state
8 agency's purchasing authority delegated under subsection (4), and
9 the state agency has established policies or procedures approved by
10 the department to ensure that goods or services are purchased by
11 the state agency at fair and reasonable prices.

12 (4) The department may delegate its procurement authority to
13 other state agencies within dollar limitations and for designated
14 types of procurements. The department may withdraw delegated
15 authority upon a finding that a state agency did not comply with
16 departmental procurement directives. If a state agency has the
17 department's procurement authority delegated to it under this
18 subsection and if it chooses to exercise an option under an
19 existing procurement contract to continue that procurement
20 contract, before exercising that option, the state agency ~~shall~~
21 **must** first obtain written approval from the department that
22 exercising the option is in the best interest of this state.

23 (5) The department may enter into lease purchases or
24 installment purchases for periods not exceeding the anticipated
25 useful life of the items purchased unless otherwise prohibited by
26 law.

27 (6) The department shall issue directives for the procurement,
28 receipt, inspection, and storage of supplies, materials, and
29 equipment, and for printing and services needed by state agencies.

1 The department shall provide standard specifications and standards
2 of performance applicable to purchases.

3 (7) The department may enter into a cooperative purchasing
4 agreement with 1 or more other states or public entities for the
5 purchase of goods, including, but not limited to, recycled goods,
6 and services necessary for state programs.

7 (8) In awarding a contract under this section, the department
8 shall give a preference of ~~up to 10%~~ **not more than 15%** of the
9 amount of the contract to a qualified disabled veteran. If the
10 qualified disabled veteran otherwise meets the requirements of the
11 contract solicitation and with the preference is the lowest bidder,
12 the department ~~shall~~ **must** enter into a procurement contract with
13 the qualified disabled veteran under this act. If 2 or more
14 qualified disabled veterans are the lowest bidders on a contract,
15 all other things being equal, the qualified disabled veteran with
16 the lowest bid ~~shall~~ **must** be awarded the contract under this act.

17 (9) It is the goal of the department to award each year not
18 less than 5% of its total expenditures for construction, goods, and
19 services to qualified disabled veterans. The department may count
20 toward its 5% yearly goal described in this subsection that portion
21 of all procurement contracts in which the business entity that
22 received the procurement contract subcontracts with a qualified
23 disabled veteran. Each year, the department shall report to each
24 house of the legislature on all of the following for the
25 immediately preceding 12-month period:

26 (a) The number of qualified disabled veterans ~~who~~ **that**
27 submitted a bid for a state procurement contract.

28 (b) The number of qualified disabled veterans ~~who~~ **that** entered
29 into procurement contracts with this state and the total value of

1 those procurement contracts.

2 (c) Whether the department achieved the goal described in this
3 subsection.

4 (d) The recommendations described in subsection (10).

5 (10) Each year, the department shall review the progress of
6 all state agencies in meeting the 5% goal **described in subsection**
7 **(9)** with input from statewide veterans service organizations and
8 from the business community, including businesses owned by
9 qualified disabled veterans, and shall make recommendations to each
10 house of the legislature regarding continuation, increases, or
11 decreases in the percentage goal. The recommendations ~~shall~~**must** be
12 based ~~upon~~**on** the number of businesses that are owned by qualified
13 disabled veterans and on the continued need to encourage and
14 promote businesses owned by qualified disabled veterans.

15 (11) To assist the department in reaching the goal described
16 in subsection (9), the governor shall recommend to the legislature
17 changes in programs to assist businesses owned by qualified
18 disabled veterans.

19 (12) ~~Beginning October 1, 2017, the~~**The** department and all
20 state agencies may not enter into a contract with a person to
21 acquire or dispose of supplies, services, or information technology
22 unless the contract includes a representation that the person is
23 not currently engaged in, and an agreement that the person ~~will~~**may**
24 not engage in, the boycott of a person based in or doing business
25 with a strategic partner.

26 (13) The following records are exempt from disclosure under
27 the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246,
28 as provided in this subsection:

29 (a) A bid, quote, or proposal submitted in connection with the

1 authority granted under this section, and records created in the
2 preparation for and evaluation of the bid, quote, or proposal until
3 the time of final notification of award of the contract.

4 (b) Records containing a trade secret, as **that term is** defined
5 under section 2 of the uniform trade secrets act, 1998 PA 448, MCL
6 445.1902, or financial or proprietary information submitted in
7 connection with the authority granted under this section.

8 (14) The department shall develop policies and procedures that
9 require all procurement contracts entered into by the department or
10 a state agency, including departments that have delegated
11 procurement authority under this act, to include performance-
12 related liquidated damages or performance targets with incentives
13 in all procurement contracts. The department shall also develop
14 policies and procedures that require the department or state agency
15 to enforce these provisions. Departments or state agencies acting
16 under delegated authority shall inform the department of relevant
17 performance issues. Exceptions to the inclusion or enforcement of
18 performance-related contract provisions may ~~only~~ be granted **only** by
19 the department as provided in a written or electronic record by the
20 department.

21 (15) As used in this section:

22 (a) "Biobased product" means a product granted the United
23 States Department of Agriculture certified biobased product label.

24 (b) "Boycott" means refusal to have dealings with, divest
25 from, or otherwise engage with a person. Boycott does not include 1
26 or more of the following:

27 (i) A decision based on bona fide business or economic reasons.

28 (ii) A boycott against a public entity of a foreign state when
29 the boycott is applied in a nondiscriminatory manner.

1 (iii) Conduct necessary to comply with applicable law in the
2 person's home jurisdiction.

3 (c) "Financial or proprietary information" means information
4 that has not been publicly disseminated or ~~which~~**that** is
5 unavailable from other sources, the release of which might cause
6 the submitter of the information competitive harm.

7 (d) "Person" means any of the following:

8 (i) An individual, corporation, company, limited liability
9 company, business association, partnership, society, trust, or any
10 other nongovernmental entity, organization, or group.

11 (ii) Any governmental entity or agency of a government.

12 (iii) Any successor, subunit, parent company, or subsidiary of,
13 or company under common ownership or control with, any entity
14 described in subparagraph (i) or (ii).

15 (e) "Qualified disabled veteran" means a business entity that
16 is 51% or more owned by 1 or more veterans with a service-connected
17 disability.

18 (f) "Service-connected disability" means a disability incurred
19 or aggravated in the line of duty in the active military, naval, or
20 air service as described in 38 USC 101(16).

21 (g) "Strategic partner" means a strategic partner described in
22 22 USC 8601 to ~~8606~~**8607**.

23 (h) "Veteran" means an individual who meets both of the
24 following:

25 (i) Is a veteran as **that term is** defined in section 1 of 1965
26 PA 190, MCL 35.61.

27 (ii) Was released from ~~his or her~~ service with an honorable or
28 general discharge.