

**CONFLICT OF INTEREST (EXCERPT)**  
**Act 318 of 1968**

**15.304 Pecuniary interest; cases in which there is no substantial conflict of interest.**

Sec. 4.

- (1) As used in section 2, "interested" means a pecuniary interest.
- (2) If there is a conflict of interest on the part of a legislator or state officer in respect to a contract with the state or a political subdivision of the state, to be prohibited by this act his or her personal interest must be of such substance as to induce action on his or her part to promote the contract for his or her own personal benefit.
- (3) In the following cases, there is no substantial conflict of interest:
  - (a) A contract between the state or a political subdivision of the state and any of the following:
    - (i) A corporation in which a legislator or state officer is a stockholder owning 1% or less of the total stock outstanding in any class if the stock is not listed on a stock exchange or the stock has a present market value of \$25,000.00 or less if the stock is listed on a stock exchange.
    - (ii) A corporation in which a trust, where a legislator or state officer is a beneficiary under the trust, owns 1% or less of the total stock outstanding in any class if the stock is not listed on a stock exchange or the stock has a present market value of \$25,000.00 or less if the stock is listed on a stock exchange.
    - (iii) A professional limited liability company organized pursuant to the Michigan limited liability company act, Act No. 23 of the Public Acts of 1993, being sections 450.5101 to 450.6200 of the Michigan Compiled Laws, if a legislator or state officer is an employee but not a member of the company.
  - (b) A contract between the state or a political subdivision of the state and any of the following:
    - (i) A corporation in which a legislator or state officer is a stockholder owning more than 1% of the total stock outstanding in any class if the stock is not listed on a stock exchange or the stock has a present market value in excess of \$25,000.00 if the stock is listed on a stock exchange or a director, officer, or employee.
    - (ii) A firm, partnership, or other unincorporated association, in which a legislator or state officer is a partner, member, or employee.
    - (iii) A corporation or firm that has an indebtedness owed to a legislator or state officer.
    - (iv) A trustee or trustees under a trust in which a legislator or state officer is a beneficiary or trustee or a corporation in whose stock the trust funds are invested, if the investment includes more than 1% of the total stock outstanding in any class if the stock is not listed on a stock exchange or if the stock has a present market value in excess of \$25,000.00 if the stock is listed on a stock exchange, if the legislator or state officer does not solicit the contract, takes no part in the negotiations for or in the approval of the contract or any amendment to the contract, and does not in any way represent either party in the transaction and the contract is not with or authorized by the department or agency of the state or a political subdivision with which the state officer is connected.
  - (c) A contract between the state and a political subdivision of the state or between political subdivisions of the state.
  - (d) A contract awarded to the lowest qualified bidder, upon receipt of sealed bids pursuant to a published notice for bids provided the notice does not bar, except as authorized by law, any qualified person, firm, corporation, or trust from bidding. This subdivision does not apply to amendments or renegotiations of a contract or to additional payments under the contract which were not authorized by the contract at the time of award.
  - (e) A contract for public utility services where the rates for the services are regulated by the state or federal government.

**History:** 1968, Act 318, Eff. Sept. 1, 1968 ;-- Am. 1994, Act 292, Imd. Eff. July 14, 1994

**Compiler's Notes:** Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, Â§ 24.