State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

Section
TRANSPORTATION, MATERIALS DISTRIBUTION, DISPOSAL

Agencies Affected
ALL

Replaces
3-18-04

Effective
9-1-17

Title
SURPLUS PROPERTY DISPOSAL—NONVEHICLES

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AUTHORITY:Wis. Stats.
16.72(4)(b)
16.72(5)(a),(b),(c)
66.0301(1)
77.54(7m)
181.0103(17)

Wis. Adm. Code Chapter Adm 11

SCOPE:
- to define state surplus property and state replacement property
- to establish authority, policy and procedures for disposal of replacement and surplus property, except for vehicles (See PRO-F-1, Surplus Property Disposal—Vehicles and Related Equipment.)
- to enumerate allocation of proceeds by property type

DEFINITIONS:
I. “Department” means the Department of Administration.

II. “SSPP” means the State Surplus Property Program.

III. “Property type” means either state surplus property or state replacement property.

IV. “State surplus property” means property (supplies, materials or equipment) with the following characteristics:

A. It does not meet program needs because of one or more of the following:

1. It does not function in whole or in part.

2. It is technologically obsolete.

3. It is otherwise not useful to the program.

4. It is not needed in the foreseeable future to meet program responsibilities.

B. It will not be replaced within the standard replacement schedule or within the current fiscal year with property that is functionally similar.
C. Given appropriation type, net proceeds may be credited to the Budget Stabilization Fund according to the guidelines established by the State Controller’s Office. Refer to the State Accounting Manual for further information.

V. “State replacement property” means property (supplies, materials or equipment) that has the following characteristics:

A. It is due to be replaced because of one or more of the following:

1. It is beyond the specified date established in an agency replacement schedule.

2. It meets established Department replacement criteria.

3. It is technologically obsolete.

4. It does not function in whole or in part.

B. It will be replaced within the standard replacement schedule or within the current fiscal year with property that is functionally similar.

VI. “Gift or donation” means property that has the following characteristics:

A. It has not been procured by a state agency.

B. It has been given to a specific state agency for that agency’s benefit.

C. If a gift is never put into programmatic use and is sold, it is assumed that the donor’s intent was for proceeds to benefit that agency. In such cases, gifts will not be considered a replacement asset or surplus property as defined in PRO-F-3, and proceeds will be returned to the recipient agency.
D. If a gift is received and put into programmatic use, it will be considered either replacement property or surplus property as defined in PRO-F-3 at the time of disposal. If the asset is determined to be surplus property as defined in PRO-F-3 at the time of disposal, net proceeds will be returned to the Budget Stabilization Fund unless the terms of the donation specifically require all such disposal proceeds to remain with the agency.

VII. “Current market value” means the present open market selling price of the property or similar property.

VIII. “Best judgment disposal” means disposing of state surplus property with a current market value of $5,000 or less in a manner that most appropriately meets the agency's needs.

IX. “Property of potential historical value” means any item in good condition that conforms to one or more of the following descriptions: (See Expanded Definition of “Property of Potential Historical Value”.)

A. Property that was vital and unique to the activities and programs of an agency.

B. Property that was invented, designed, handcrafted or manufactured in Wisconsin.

C. Property associated with an important person, site or event in Wisconsin history, distant or recent.

D. Property that advertises or symbolizes Wisconsin-based businesses, organizations or events.

E. Property that is a work of art and that depicts Wisconsin people, places, events, symbols or activities.

F. Property that is 50 years old or greater.
**CONTENT:**

I. **Program administration:**

The State Surplus Property Program (SSPP) is responsible for developing and implementing policies and procedures for state surplus property disposal.

II. **Authorization from the SSPP:**

A. Authorization is required to dispose of any state surplus property:

1. Which has a current market value over $50,000.

2. Which had an original purchase price over $50,000 regardless of current market value.

B. Authorization is not required to dispose of state surplus property:

1. Which has a current market value of $50,000 or less and the original purchase price was $50,000 or less.

2. Which is being transferred between agencies within state government.

III. **Department surplus property manager:** Each agency will appoint an individual as their state surplus property manager to:

A. Maintain liaison with, and implement the policies and procedures of, the SSPP.

B. Make periodic inspections within the agency to determine if property qualifies as surplus or is historical.

X. “Net proceeds” means the difference between the income received from the sale less allowable deductions. (See the State Accounting Manual.)
C. Evaluate and dispose of agency surplus property in accordance with SSPP policies and procedures.

IV. Methods of disposal: Disposal of state surplus property may occur by:

A. Transfer or sale of property to another state agency. Prior to disposal, agencies should communicate the availability of surplus property to other agencies.

B. Transfer or sale to a municipality, as defined in s. 66.0301(1), Wis. Stats. Sale price will be determined to be at fair market value.

C. Sale to the public by one the following four methods:

1. Competitive bid.

2. Public auction.
   a. A public auction is defined as either a tangible event at a public location or an electronic event which is advertised and made available to the public via the Internet. Agencies are encouraged to use the electronic auction as an additional venue to move surplus property.
   b. In the event that an electronic auction is desired, agencies should determine if prior SSPP authorization is needed. If prior authorization is not needed, the agency should commence the auction per the terms of the statewide online auction contract.

3. Open negotiated and documented sale.

4. Offer to the public at fixed sale price established by the Department.
D. Trade-in on replacement equipment. A comparison will be performed to determine whether it is more advantageous to trade-in the property or to sell it separately.

E. Donation to a verified nonprofit corporation (organization) as defined in s. 181.0103(17), Wis. Stats., organized under Chapter 181.

F. Sale for salvage value.

G. Scrap for no or limited value.

H. Destruction when security/confidentiality (e.g., state seals) is required or when other methods of disposal might be hazardous to the public (e.g., chemicals). (See Contract 15-99145-(01), Hazardous Waste Management (RCRA and Other Specialized Waste) Including Disposal Services.)

NOTES ON DISPOSAL:

A. Donations of state property to private individuals, for-profit organizations or state employees are prohibited.

B. Donations to nonprofit corporations (organizations) must be advertised (such as, in a newspaper of general circulation, Internet announcement, or bulletin board posting) and the donation must occur in a competitive manner. No single nonprofit corporation (organization) may be singled out for donation. Verification of nonprofit status may be required.

C. Sales to state employees are prohibited unless items are sold at announced public sales or auctions.

D. There are restrictions on the disposal of certain major appliances, including air conditioners, clothes washers and dryers, dishwashers, freezers, microwave ovens, ovens, refrigerators and stoves.
E. For questions on any of the above methods, contact the SSPP manager at 608/266-1719.

V. State surplus property disposal policy and procedure:

A. Agencies are delegated authority to dispose of all surplus property with a present value of $5,000 or less. No approval or reporting is necessary.

B. Surplus property with a current value over $5,000 through $50,000 does not require pre-sale approval. No immediate sale report is required, but a summary report will be submitted to the SSPP by July 31st for property disposed during the prior fiscal year.

C. Surplus property with a current value over $50,000 requires prior approval from the SSPP with the Surplus Property Declaration/Authorization (form DOA-3178). Sale results will be reported to the SSPP on this form as well.

D. Surplus property that had an original purchase price over $50,000 and that is planned to be sold or traded in will follow the prior approval and reporting procedure in C. above regardless of present value.

E. The SSPP staff can assist in the organization of an on-site auction when the accumulated value of the items justifies an auction. Property from multiple agencies may be combined to achieve enough value. This auction option may be requested regardless of the current value of individual items. An auction fee will be charged.

F. The Policy and Procedure Summary Table summarizes the approval, reporting and sale methods described above for the various value ranges of surplus property.
VI. Deface/Destroy needs:

Agencies are responsible for removing, defacing or destroying all State of Wisconsin insignias or identifications prior to sale of property. Bonded vendors may be used to perform such services. All state data will be removed from all electronic media prior to disposition. Prior to removal of data, care should be taken to determine if the data still is needed.

VII. Seller’s permit/state sales tax:

A. An agency needs a seller’s permit from the Wisconsin Department of Revenue only if the agency sells property on more than 20 days in a year and that property earns more than $15,000 a year in taxable gross receipts per s. 77.54(7m), Wis. Stats. A permit may be obtained by calling Business Tax at 608/266-2776.

B. The originating owner agency will report and will pay to the Department of Revenue any sales tax collected from its own sales of its surplus state property.

VIII. University of Wisconsin Surplus with a Purpose program (SWAP) assistance:

The University of Wisconsin-Madison’s SWAP is available to all agencies for the disposal of any property with the potential for reuse, repair or high-grade salvage such as electronics (e.g., computers). This service may be obtained by calling 608/245-2908. Property disposed through SWAP will be reported by the originating owner agency.

IX. Federal property:

When the agency purchases property with federal funds, the agency will adhere to the notice requirements or procedures agreed upon at the time of purchase prior to disposing of the property. The state’s disposal requirements then follow.
X. Funding sources:

The funding source used to purchase the property being sold is important in determining how to account for the net proceeds from the sale of the property. See the State Accounting Manual for instructions on accounting for proceeds from the sale of surplus or replacement property.

XI. Existing specific state statutes governing surplus proceeds:

Existing specific state statutes prevail over general statutes, such as s. 16.72(4)(b), and over the scope of SSPP authority. Examples of such statutes are:

A. S. 346.65(6)(g) (proceeds from seized vehicles)
B. S. 40.01(2) (employee trust fund usage)
C. S. 125.14(2)(e) (proceeds from alcohol seizures)

XII. Calculation of net proceeds:

A. Per Adm 11.07 (1), handling and selling costs may be deducted from the sales proceeds. Any remaining net proceeds will be accounted for as provided in the State Accounting Manual.

B. Adm 11.07 (1) permits the handling and selling costs to be deducted from the sales proceeds. Examples of allowable deductions are:

1. Staff time (including overtime)
2. Storage expenses
3. Sales commissions
4. Transportation expenses
5. Legal expenses
6. Insurance expenses
7. Preparation expenses
8. Repayment of financial lease obligations

XIII. Audits:

The SSPP will conduct periodic audits of agencies' surplus property programs.