

# Legislative Analysis

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## DISPOSAL OF SURPLUS PERSONAL PROPERTY

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**Senate Bill 1044 as passed by the Senate**

**Sponsor: Sen. John Proos**

**Senate Committee: Appropriations**

**House Committee: Appropriations**

**Complete to 6-5-12**

## A SUMMARY OF SENATE BILL 1044 AS PASSED BY THE SENATE 5-31-12

Senate Bill 1044 (amending MCL 18.1267) would replace the phrase "surplus, salvage, or scrap material" with "surplus personal property" and define the authorized methods of disposal of surplus personal property. Specifically, the bill would amend the Management and Budget Act to allow for the Department of Management, Technology, and Budget (DTMB) to donate surplus personal property to a nonprofit entity, sell surplus personal property to a local unit of government, sell surplus personal property at a public sale, or exchange surplus personal property for goods and services at fair market value with a private company that is contracted to provide state services and where the surplus personal property is essential to providing those services.

Under current law, DTMB may dispose of surplus, salvage, or scrap material by donating the property to a local unit of government. If the local unit of government is not interested in the surplus, salvage, or scrap material, the department may sell the surplus, salvage, or scrap at auction.

## FISCAL IMPACT

According to DTMB, the bill is estimated to be revenue neutral. For FY 2011-12, DTMB estimates that total revenue from the sale of surplus property will be \$1.6 million with costs associated with the sale of the property totaling \$1.4 million.

Regarding the provisions of the bill allowing DTMB to donate surplus personal property to a nonprofit entity, the department indicates that it would only donate property to nonprofit entities in those instances where the marketing of the surplus furniture would exceed the purchase price. Any fiscal impact would be negligible.

The provision authorizing the exchange of surplus personal property at fair market value for goods and services from private companies would have an indeterminate fiscal impact. Any fiscal impact would be project and contract specific and would depend on the surplus personal property being exchanged.

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