

Legislative Analysis



MANAGEMENT AND BUDGET ACT – DISPOSAL OF SURPLUS SNOW REMOVAL EQUIPMENT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4368
Sponsor: Rep. Scott Dianda
Committee: Appropriations
Complete to 6-9-15

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

The bill would require the Michigan Department of Transportation to make surplus snow removal equipment available for sale to local units of government before otherwise disposing of it.

Section 267 of the Management and Budget Act (1984 PA 431) provides for the disposal of surplus, salvage, and scrap material. The section gives authority over the state surplus program to the Department of Technology, Management and Budget (DTMB).

The section currently permits DTMB to dispose of surplus, salvage, or scrap material by donating or selling the property or equipment to a local unit of government. The section indicates that "if a unit of local government is not interested in the property or equipment, the department [DTMB] may sell the surplus, salvage, or scrap at auction."

House Bill 4368 would add a new Subsection (4) to Section 267 (MCL 18.1267) specific to the disposal of snow removal equipment owned by the Michigan Department of Transportation (MDOT).

The bill directs that, beginning June 1, 2015, prior to donating, disposing of, or selling surplus snow removal equipment owned or operated by MDOT, the department [MDOT] make that snow removal equipment available for sale to local units of government. The bill directs the department [DTMB] to issue directives to implement the provisions of the proposed new subsection.

FISCAL IMPACT:

Under current law and practice, excess or surplus MDOT equipment, including snow removal equipment, is sold through DTMB public auction. Local agencies are currently eligible to bid for equipment at auction.

MDOT currently realizes approximately \$420,000 per year from the sale of excess or surplus equipment (three-year average). These proceeds are credited to the State Trunkline Fund, a state restricted fund used to support preservation of the state trunkline highway system.

It is not clear how the bill would change current practice. If snow removal equipment were offered for sale to local units of government outside of a public auction, it is not clear how a sales price would be determined, or what would happen if more than one local unit of government was interested in the same snow removal equipment.

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