



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1044 (as introduced 3-27-12)
Sponsor: Senator John Proos
Committee: Appropriations

Date Completed: 5-15-12

CONTENT

The bill would amend the Management and Budget Act to allow for surplus personal property to be donated to a nonprofit entity, sold to a local unit of government, sold at a public sale, sold for fair market value, or exchanged for goods and services.

Currently, the Department of Technology, Management, and Budget (DTMB) may dispose of surplus, salvage, and scrap material from State agencies by donating or selling the surplus property or equipment to a local unit of government. If a local unit of government is not interested in the property or equipment, the DTMB may sell it at auction.

The bill would replace the term "surplus, salvage, and scrap material" with the term "surplus personal property". The bill would allow the DTMB to donate surplus personal property to a nonprofit entity or sell it to a local unit of government. Property that was not either donated or sold as specified could be sold at a public sale.

In addition, the bill would allow the DTMB to sell surplus personal property at fair market value. The Department also could exchange surplus property for goods and services at fair market value with a private company that was contracted to provide State services, if the surplus property were essential to providing those services.

As currently allowed, the DTMB could pay necessary costs incurred from the sale of surplus personal property from the proceeds of the sale.

MCL 18.1267

FISCAL IMPACT

The Department of Technology, Management, and Budget indicates that the bill would essentially be revenue neutral. According to estimates for FY 2011-12, the DTMB anticipates that it will collect \$1.6 million in revenue from the sale of surplus property. The DTMB's costs associated with the sale of that property is an estimated \$1.4 million.

The bill would allow the DTMB to donate property to nonprofit entities. Property would be donated only if the cost of remarketing would exceed the projected selling price. The amount of surplus property that would be donated is unknown but the Department anticipates that donating property would have an immaterial impact on the program.

The fiscal impact of the proposed provision to allow the DTMB to exchange surplus property at fair market value for goods and services from private companies under contract with the State would depend on the type of property that was related to the services for which the State contracted. The value of the goods would be determined by each individual contract and thus an exact figure is indeterminable.

Fiscal Analyst: Joe Carrasco

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