



# SENATE BILL 510: Surplus Equipment Auctions.

2017-2018 General Assembly

|                       |   |                     |                                   |
|-----------------------|---|---------------------|-----------------------------------|
| <b>Committee:</b>     | House Transportation. If favorable, re-refer to State and Local Government II | <b>Date:</b>        | June 20, 2017                     |
| <b>Introduced by:</b> | Sens. Meredith, Tucker  | <b>Prepared by:</b> | Howard Marsilio<br>Staff Attorney |
| <b>Analysis of:</b>   | Second Edition  |                     |                                   |

**OVERVIEW:** *Senate Bill 510 would direct the Department of Administration (DOA) to issue request for proposals for the sale of surplus equipment at public auction by October 1, 2017, and contract with the lowest responsible bidder meeting the requirements by March 1, 2018.*

**CURRENT LAW:** DOA acts as the State Surplus Property Agency in North Carolina. As such, DOA is authorized to sell or warehouse all State owned surplus, obsolete, or unused supplies, materials, and equipment, as well as seized vehicles and other conveyances. DOA is also authorized to distribute State owned surplus property to tax-supported or nonprofit tax-exempt organizations.<sup>1</sup> DOA may utilize an electronic auction service to sell or dispose of State owned surplus property.

- "State owned" means supplies, materials, and equipment in the possession of the State and purchased with State funds, personal property donated to the State, or personal property purchased with other funds that give ownership to the State.

**BILL ANALYSIS:** **Section 1.(a)** and **Section 1.(c)** of Senate Bill 510 would create a pilot program authorizing DOA to sell or dispose of surplus property, including motor vehicles and equipment, through public auctions. DOA would be required to establish the pilot program no later than July 1, 2017. This pilot program would require three (3) public auctions during the pilot program, and would terminate on July 1, 2019.

**Section 1.(b)** and **Section 1.(d)** respectively, would require the DOA to issue requests for proposals by October 1, 2017 for the sale of surplus titled and nontitled equipment at public auction for (i) equipment owned by the State, but not the Department of Transportation (DOT), and (ii) equipment owned by DOT.

State Owned, non-DOT owned, surplus equipment auctions: These auctions would be held on a community college campus closest in proximity to the majority of the items for sale at a given auction, and reasonable access to the equipment at these locations would be provided prior to the auction. The auction company must also offer the equipment via live simulcast with live, interactive bidding in real time.

DOT owned surplus equipment auctions: These auctions would be held at three regional locations as designated by DOT, and public inspection would be available at least three different times prior to the auction. DOT would provide the equipment maintenance file, and the preventative maintenance schedule for each item of equipment being auctioned. Receipts generated from the sale of surplus

<sup>1</sup> G.S. 143-64.02(2) defines nonprofit tax-exempt organizations to include various nonprofit tax-exempt medical institutions, schools, educational radio and television stations, public libraries, and civil defense organizations that have been certified as tax-exempt nonprofit organizations by the Internal Revenue Service under section 501(c)(3) of the Internal Revenue Code.

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equipment shall be remitted to DOT. Successful bidders are to provide and complete proper transfer documents for titled equipment. The auction company is to be responsible for any equipment that leaves the care, custody, and control of the auctioneer.

All pilot program auction companies would need to:

- Accept cash or credit payments for non-DOT surplus equipment, and accept payment by any commercially reasonable manner for DOT surplus equipment. The auction company may charge credit card and platform fees of up to 3% of the highest and final bid.
- Remit the net proceeds within 14 business days after the auction is completed. The auction company may offset up to 0.25% of the gross sale to reimburse for advertisement costs.
- Post a cash bond or equivalent guarantee of \$250,000, made payable to the State.
- Have a minimum coverage of \$2,000,000 in commercial general liability insurance.
- Agree to charge no commission to the State, though the company may charge a buyer premium of up to 10% to the final and highest bidder.
- Be a licensed auction company with a current and valid North Carolina Auctioneer license.

**Section 1.(e)** would require DOA to contract with the lowest responsible bidder, who provides evidence satisfactory that it meets the requirements, by March 1, 2018.

**Section 2** would require the State Surplus Agency to report to the Joint Legislative Transportation Oversight Committee by October 1, 2019.

**EFFECTIVE DATE:** This act would be effective when it becomes law.