



# SENATE BILL 510: Surplus Equipment Auctions.

2017-2018 General Assembly

---

<b>Committee:</b>	Senate State and Local Government. If favorable, re-refer to Transportation. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	April 25, 2017
<b>Introduced by:</b>	Sens. Meredith, Tucker	<b>Prepared by:</b>	Brad Krehely Jessica Sammons Committee Co-Counsel
<b>Analysis of:</b>	First 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:** Senate Bill 510 would authorize DOA to sell or dispose of surplus property, including motor vehicles and equipment, through a public auction. DOA would be required 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.

The request for proposals for both types of auction contracts would mandate that the bidders conform to the following requirements:

- 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.
- 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.
- Post a cash bond or equivalent guarantee of \$250,000, made payable to the State.

<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.

Karen Cochrane-Brown  
Director



Legislative Analysis  
Division  
919-733-2578

# Senate Bill 510

Page 2

- Have a minimum coverage of \$2,000,000 in commercial general liability insurance.
- 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.
- Particular to non-DOT owned surplus equipment:
  - The auction company must be able to conduct auctions on the various campuses of community colleges in this State. Each auction would be held on the community college campus closest in proximity to the majority of the items for sale at a given auction.
  - The auction company must offer the equipment via live simulcast with live, interactive bidding in real time and provide a minimum of 7 days pre-bidding prior to the live simulcast.
  - DOA must provide information about the equipment and reasonable access to the equipment at the location the equipment is being stored prior to the auction.
- Particular to DOT owned surplus equipment:
  - The auction company must be capable of conducting auctions in three regions specified by DOT.
  - The auction company must provide at least three different times for public inspection of equipment at each auction.
  - The auction company is to be responsible for any equipment that leaves the care, custody, and control of the auctioneer.
  - Successful bidders are to provide and complete proper transfer documents for titled equipment.
  - DOT is to provide the equipment maintenance file and the preventative maintenance schedule for each item of equipment being auctioned.
  - The receipts generated are to be remitted to DOT.

Preference will be given to an auction company based in this State. However, DOA is to contract with the lowest responsible bidder who provides evidence satisfactory that it meets the requirements. This contract must be entered into on or before March 1, 2018.

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