

23 SURPLUS PROPERTY DISPOSAL AND TRADE-INS

23.1 State Board of Examiners Policy

The following are the Guidelines for Disposal and Sale of Surplus Personal Property as approved by the State Board of Examiners current as of April 23, 2002. For up-to-date information please see the Board of Examiners web site at: <http://www.sco.idaho.gov>

POLICIES AND PROCEDURES FOR DISPOSAL OF STATE SURPLUS PERSONAL PROPERTY - Amended April 23, 2002

I. Regulatory Authority

The State Board of Examiners shall establish and govern the internal management policies and procedures for disposal of state surplus personal property in accordance with Idaho Code, Sections 63-2304, 67-455A, 67-5722, 67-5726, 67-5732A, 67-5732B, 67-5734, and 67-5746. The policies and procedures herein are adopted by the State Board of Examiners effective December 10, 1996 and are amended as noted above. These surplus personal property policies and procedures replace and supersede any and all prior state surplus property regulations, policies and procedures that may have been promulgated or adopted by the Board of Examiners and shall govern State of Idaho agencies regarding disposal of surplus personal property.

II. Philosophy

The Board of Examiners recognizes that the storage, maintenance, transportation and other costs associated with maintaining state surplus personal property may exceed the inventory value or fair market value of such property. Personal property has a limited economic or useful life. Accordingly, sound fiscal responsibility and good management require the expeditious disposal of surplus personal property. Therefore, it is the policy of the Board of Examiners for the disposal of state surplus personal property to expect any state agency head to maximize the value received by the government of the state with the attendant benefits to the citizens.

III. Statement of Policy

This policy governs disposal of all surplus personal property by all State of Idaho constitutional officials, executive departments and administrative boards,

commissions, councils, task forces and committees of these departments except as specifically exempt in statute from the jurisdiction of the Board of Examiners. For simplicity, these entities will be referred to as "agencies" herein. Exemptions include, but may not be limited to, the Governor's Housing Committee pursuant to Idaho Code 67-455A and 67-5732B or the Bureau of Risk Management in the Department of Administration. The Bureau of Risk Management may dispose of damaged or destroyed state personal property through utilization of established commercial salvagers or in accordance with other provisions of these guidelines.

The Board of Examiners recognizes the head of each agency with the authority to declare as surplus any item of personal property pursuant to Idaho Code 67-5722, 67-5732A and 67-5746. Further, for purposes of surplus property disposal, the Board of Examiners adopts the policy of Idaho Code 67-5726 that all employees of an agency, including their spouses, dependents or any other person acting on the employee's behalf, are prohibited from acquiring surplus property from the agency in which the employee is employed. Employees may acquire surplus property from other state agencies only if the property is acquired through a competitive bid process. Violation of this policy is a misdemeanor pursuant to Idaho Code 67-5734.

Any lost, stolen, duplicate listed inventory or trade-in items are not considered to be surplus personal property under this policy and shall be managed pursuant to Idaho Code 67-5722 and 67-5746. Any item disposed under the terms of a buy-back contract is not considered to be surplus personal property under this policy and shall be managed in accordance with the rules, guidelines or procedures established by the Department of Administration. However, if the agency opts to set aside contracted buy-back terms, such property becomes surplus personal property at the time of disposal and shall follow the surplus property guidelines herein. Surplus property with historical significance shall be noted and the Idaho State Historical Society notified prior to disposal of such property.

When an agency determines that any personal property under their jurisdiction or control is of no further use to that agency, the agency shall manage such property according to the following principles. All proceeds from the disposal of surplus property shall be deposited in the account of the disposing agency.

A. Declaration as Surplus

1. Requirements of Declaration

The agency shall declare as surplus all personal property of no further use to the agency and shall notify other public agencies of the availability of such property for procurement through electronic or other advertisement.

2. Nominal Value Surplus Property Exempt

The agency may exempt surplus personal property of nominal value from declaration. Nominal value is a current value of zero or a current value of less than what it would cost to dispose of the surplus item at an auction or refuse site.

B. Authorization to Dispose

1. Board of Examiners' Approval

The agency shall manage all state-owned personal property with an original purchase price, or purchase unit cost plus ancillary costs, at or above \$2,000 (the minimum inventory-tracking threshold as established by the Department of Administration) following the declaration and disposal methods described herein and requesting authorization from the Board of Examiners to dispose of such surplus property.

2. Agency Director's Discretion

The agency shall manage all state-owned personal property below \$2,000 original purchase price, or purchase unit cost plus ancillary costs (the minimum inventory-tracking threshold as established by the Department of Administration) following the declaration and disposal methods described herein and authorization granted at the discretion of the director of that agency to dispose of such surplus property.

C. Methods of Disposal

The agency is encouraged to optimize the benefit to state government and other local public agencies while utilizing the most efficient mode of disposal cited below.

1. Sell

a. Sell surplus property to another state or local public agency (city, county, school district, fire district, irrigation district, etc.) residing in Idaho without public advertisement or receipt of competitive bid; or

b. Sell surplus property with an original purchase price of less than \$10,000 to the highest bidder after advertisement of public sale, giving the time and place and any sale conditions thereof, for at least one (1) week in a local newspaper, or at the place of sale, and after offering the surplus property for sale:

i. At a regularly held public auction conducted by an auctioneer pursuant to Idaho Code 63-2304; or

ii. At a state conducted public auction; or

iii. By receipt of written competitive bid in response to such public advertisement.

c. Sell surplus property with an original purchase price of \$10,000 or more to the highest bidder after advertisement of public sale, giving the time and place and any sale conditions thereof, for thirty (30) days in a local newspaper, or at the place of sale, and after offering the surplus property for sale:

i. At a regularly held public auction conducted by an auctioneer pursuant to Idaho Code 63-2304; or

ii. At a state conducted public auction; or

iii. By receipt of written competitive bid in response to such public advertisement.

2. Transfer

a. Transfer surplus property to another state or local public agency (city, county, school district, fire district, irrigation district, etc.) residing in Idaho without public advertisement or auction; or

b. Transfer surplus property of nominal value without public advertisement or auction to a charitable organization that qualifies under Section 501(c)(3) and 501 (c)(19), Internal Revenue Service (See Appendix herein), or to any other person or entity that is participating in a program with a State of Idaho agency and when such transfer renders a benefit to the government of the state and its citizens.

3. Recycle

If surplus property may not be transferred or sold, the agency shall recycle such surplus property whenever possible.

4. Trash

When the above disposal options are not feasible, the agency shall trash such surplus property at a local refuse site.

IV. Procedures

To assist in achieving this policy, the agency heads are asked to perform the following procedures.

Step One Surplus Property Declaration

A. Identify Property

Identify personal property, except nominal value property, and cite its description, estimated value, dates of availability and declare the property to be surplus personal property to the agency using a State of Idaho Surplus Property Declaration Form. (See Surplus Property: Declarations under Board of Examiners at www.sco.idaho.gov to electronically post surplus property declarations to the Board of Examiners and advertise declarations to other agencies and the public.)

B. Deliver Declaration

Send this declaration to the Board of Examiners at least once a year when reviewing an agency's inventory or when preparing to dispose of surplus personal property. The declaration shall precede the request for authorization to dispose of the surplus property by at least fourteen (14) calendar days.

C. Retain Records

Each declaration will be filed in the State Controller's Office for audit purposes as well as any related State Property Disposal Authorization Request form.

Step Two State Property Disposal Authorization Request

A. Complete Request Form

Complete the State Property Disposal Authorization Request [Form 4.5.45 Revised 10-10-00] only for state-owned personal property with an original purchase price, or purchase unit cost plus ancillary costs, at or above \$2,000 (the minimum inventory-tracking threshold as established by the Department of Administration). (See Surplus Property: Disposal Authorization Request under Board of Examiners at www.sco.idaho.gov to download the form and instructions.)

B. Submit to Board of Examiners

Submit the completed request to the Board of Examiners in care of the State Controller's Office or e-mail to "brdexam@sco.idaho.gov".

C. Return of Authorization

After approval is authorized, a signed copy of the request form will be returned to the agency. After receipt of this signed authorization form, the agency may dispose of the property according to the methods cited on the

form. If the agency deviates from these designated disposal methods, written notification must be submitted to the Board of Examiners for reconsideration prior to disposal.

D. Expedite Request

If delaying disposal of surplus property causes undue inconvenience to both the offering agency and the recipient of the surplus property, the agency may request to expedite the State Property Disposal Authorization Request. The agency shall telephone the Secretary of the Board of Examiners (State Controller's Office, 334-3100) and request permission to expedite the approval of the disposal method for the item(s) in question.

With approval, the offering agency shall fax (334-2671) or e-mail (brdexam@sco.idaho.gov) a completed copy of the State Property Disposal Authorization Request to the Secretary of the Board of Examiners (State Controller's Office) citing the item(s) to be expedited. The requesting form shall be marked "EXPEDITE" across the front of the form in legible printing. This expedited request will be promptly signed and returned by fax or e-mail to the offering agency. After receiving the signed, authorized disposal request form, the offering agency may release the surplus property.

The Board of Examiners must approve any exceptions to these guidelines prior to actual disposal.

J. D. WILLIAMS, Secretary
State Board of Examiners and State Controller

Appendix 26 CFR1 501(c)(3) & (c)(19)
Code of the Federal Register
Internal Revenue Service
Title 26, Chapter 1

26 CFR 1.501(c)(3)

Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or

intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

26 CFR 1.501(c)(19)

A post or organization of past or present members of the Armed Forces of the United States, or an auxiliary unit or society of, or a trust or foundation for, any such post or organization - (A) organized in the United States or any of its possessions, (B) at least 75 percent of the members of which are past or present members of the Armed Forces of the United States and substantially all of the other members of which are individuals who are cadets or are spouses, widows, or widowers of past or present members of the Armed Forces of the United States or of cadets, and (C) no part of the net earnings of which inures to the benefit of any private shareholder or individual.

23.2 Surplus Property Disposal Request Form and Instructions

The most current version of the Disposal Form and Instructions are also available on the Board of Examiners web site.

Step 1: Complete the State Property Disposal Authorization Request (Form 4.5.45 Revised 10-10-00). Please use the worksheet labeled "MASTER" to make photocopies or templates of the revised disposal form to process future disposal requests.

The numbers below are illustrated in gray boxes on worksheet "Request Example" and show where to mark each entry cited below.

1 Disp. Code (Disposal Code) - Check the box(es) adjacent to the appropriate disposal method code(s) to be used on this form. (See codes listed below the table on the disposal form.) Then enter in the table the applicable disposal method code number for each item to be disposed. If number 12 "Other" is cited, such as "Donate," include a short description of the mode of disposal and a justification, as appropriate. The Board of Examiners may request your presence at a board meeting to provide further clarification.

2 Agency Code - Write your agency's three-digit STARS Agency Code here.

3 Agency Use Field - Optional (Agency Use Only).

4 Tag Number - Insert the State Identification Tag Number for each item to be disposed. If there is no inventory tag number available, please cite "None."

5 Qty. (Quantity) - Cite the number of items with the same tag number being disposed.

6 Description of Item - Describe item as fully as possible. Use color, model number and serial number whenever possible.

7 Cond. Code (Condition Code) - Enter one of the five alphabetic Condition Codes. (See codes listed below the table on the disposal form.)

8 Estimated Value - Declare an estimated value of what the property is worth (A price that is in the best interest of the state) or what you are expecting to receive from the sale of the item.

9 Requesting Agency - Address - Phone - Enter your agency's information.

10 Requesting Person's Name - Type or print legibly the requesting person's name.

11 Requesting Person's Signature - The agency property manager, or designated authority for your agency, signs and dates the form here.

12 Agency Administrator's Signature - Agency Administrator signs and dates form here.

13 Number of Copies - Make two copies with signatures for hard-copy transmittal OR send one original copy with signatures for electronic transmittal.

Step 2: Deliver signed copies to the Idaho State Board of Examiners in care of the Idaho State Controller's Office (SCO) or e-mail to "brdexam@sco.idaho.gov".

Upon receiving the disposal request form, the Secretary of the State Board of Examiners, or his/her designated representative, will review the request and submit any pertinent requests requiring a special review before the Board of Examiners. After a decision of approval or disapproval is granted, the Secretary of the Board of Examiners will designate the decision, sign and date the disposal authorization request form.

14 Board of Examiners Secretary's Signature - The Idaho State Controller is the Secretary of the Board of Examiners. The Controller's signature and date of signing must appear on the disposal form to authorize disposal.

Step 3: Distribution of authorized disposal forms.

The original copy of the disposal request form will be filed in the State Controller's Office for audit purposes; a copy will be returned to the requesting agency authorizing disposal.

NOTE: DO NOT DISPOSE OF PROPERTY UNTIL YOUR AGENCY IS IN RECEIPT OF THIS FORM. Once approval is granted, the surplus item(s) may be disposed of according to the methods cited on the form. If the agency deviates

from these designated disposal methods, written notification must be submitted to the Board of Examiners for reconsideration prior to disposal.

Original-Board of Examiners
 Copy-Originating Agency

State of Idaho
STATE PROPERTY DISPOSAL AUTHORIZATION REQUEST
TO: State Board of Examiners

DISPOSAL NO: _____ Page _____ of _____

Permission is hereby requested to dispose of the following personal property declared surplus by this agency. Disposal will be in a manner meeting the best interests of the state and in accordance with Idaho Code 67-5722 and 67-5732A. Note: Employees of this agency, including their spouses, dependents or any other person acting on the employee's behalf, are prohibited from participating in the acquisition of this surplus property pursuant to Idaho Code 67-5726,

	Disp Code	Agency Code	Agency Use Field	Tag Number	Qty	Description of Item	Cond Code	Estimated Value
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								

DISPOSAL METHOD CODES (Check as many as appropriate)

- | | |
|-----------------------------------------------------------------|----------------------------------------------------------------|
| O1 <input type="checkbox"/> Transfer to another agency | O4 <input type="checkbox"/> Recycle or sell for scrap |
| O2 <input type="checkbox"/> Public Sale (Auction or Sealed Bid) | O5 <input type="checkbox"/> Unsaleable -Ship to local dumpsite |
| O3 <input type="checkbox"/> Leased property turned back | O6 <input type="checkbox"/> Other _____ |

CONDITION CODES

- | | |
|-------------|--------------|
| E-Excellent | R-Repairable |
| G-Good | U-Unusable |
| F-Fair | |

Requesting Agency		Address		Phone		Agency Administrator's Signature		Date	
Requesting Person's Name (Print or Type)				Date		Board of Examiners Secretary's Signature			
Requesting Person's Signature				Date		<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved		Date	

NOTE: DO NOT DISPOSE OR PROPERTY UNTIL YOUR AGENCY IS IN RECEIPT OF THIS SIGNED AUTHORIZATION

23.3 Trade-Ins

Idaho Code allows sale, trade-in, or exchange of state personal property by exchanging the same in part payment for new property. Specifically, §67-5722, Idaho Code, reads in part as follows:

"...Exchange of property will be permitted only when it is determined by the administrator of the division of purchasing that all other methods of disposal of the property sought to be exchanged will yield a lesser monetary return to the state."

Property to be exchanged (traded) in part payment for new property is **not surplus** property (and thus subject to the Board of Examiners guidelines).

A *written justification* for the agency's determination that trade-in is the best method of disposal is required. A *State Property Trade-In Authorization Request* form is available for your use. Send the form and your written determination stating why other methods of disposal will yield a lesser monetary return to the state to the Division of Purchasing for review and approval. If approved, your trade-in can either be used against purchases of like product from contracts or be included as part of your specifications for purchase of new property.

STATE PROPERTY TRADE-IN AUTHORIZATION REQUEST

Original-Division of Purchasing
Copy-Originating Agency

TO: Administrator, Division of Purchasing
DISPOSAL NO. _____

Page ____ of ____

Permission is hereby requested to trade-in the following personal property. In accordance with Idaho Code 67-5722 the agency must submit a written justification determination that the trade-in is the best method of disposal along with this form. The justification must state why other methods of disposal will yield a lesser monetary return to the state, and provide comparative financial information.

Agency Code	Agency Use Field	Tag Number	Qty.	Description of Item	Cond. Code	Estimated Value
1				123		
2						
3						
4						
5						
6						
7						
8						
9						
10						

CONDITION CODES

E-Excellent R-Repairable
G-Good U-Unusable
F-Fair

Agency: _____
Contact Person: _____
Email: _____
Phone: _____

_____ Approved
_____ Disapproved

Requesting Person's Signature	Adminstrator's Signature	Date
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NOTE: DO NOT PROCEED WITH TRADE-IN UNTIL YOUR AGENCY IS IN RECEIPT OF THIS SIGNED AUTHORIZATION.

23.4 State Statutes Pertaining to Surplus Property Disposal and Trade-Ins

67-5722. SALE, TRADE-IN OR EXCHANGE OF STATE PERSONAL PROPERTY. Whenever any agency owns any property no longer economical to use, the administrator of the division of purchasing may dispose of such property by exchanging the same in part payment for new property, as provided for in this section. The administrator of the division of purchasing shall include in his request for bids a full description of the property to be exchanged as part payment and shall permit each registered vendor to examine the same, and the contract shall be awarded on the basis of net cost to the state after allowance for the property to be exchanged in part payment. In addition, the administrator of the division of purchasing may permit an exchange of property in part payment for new property acquisitions from contracts for the same or similar property. Exchange of property will be permitted only when it is determined by the administrator of the division of purchasing that all other methods of disposal of the property sought to be exchanged will yield a lesser monetary return to the state. In accordance with the internal management policies, guidelines or instructions of the board of examiners, the head of any agency may declare as surplus any item of personal property.

67-5732A. SALE OF SURPLUS PROPERTY AUTHORIZED. Whenever the head of any commission or department of state government, or any institution of the state, or any elected state official, has under their jurisdiction or control, any personal property belonging to the state which, in their judgment, is of no further use to the state or to such department, commission, institution or state office, they may, sell, in the name of the state, such personal property at public sale. Provided, that where the reasonable value of such property exceeds the sum established by the internal management policies, guidelines or instructions of the state board of examiners, the same will be sold at public auction or sold after receipt of sealed bids, to the highest responsible bidder, after thirty (30) days of notice of such sale, giving the time and place and any sale conditions thereof, published in a newspaper in the county where such property is to be sold, or if no newspaper is published in the county where such sale is to be held, one (1) such notice shall be posted at the place of sale. All funds received from sales of surplus personal property must be deposited into the state treasury and credited to the account of the disposing agency less the cost of the sale. The board of examiners may authorize the sale or transfer of surplus state personal property to city, county, school district, or any other public agency without public notice and without public sale, provided the board has determined that it is in the best public interest.