



# State Procurement Manual

Department of Administration, State Bureau of Procurement

Number  
PRO-416

<b>Section</b>	<b>Effective</b>	<b>Replaces</b>
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**SCOPE:** The purpose of this policy is to establish official procedure for the federal property program, designation and disposal of state surplus and replacement property of all types, and special considerations for vehicles.

**POLICY:** The State Surplus Property Program (SSPP) and Wisconsin’s participation in the Federal Surplus Property Program is administered by the Department of Administration (DOA), State Bureau of Procurement (Bureau). The SSPP is responsible for developing and implementing policies for acquiring federal surplus property and disposing of state surplus property, surplus state vehicles and related equipment.

## State Surplus Property Program

Depending upon what the item is, agencies have several options to dispose of state surplus property. Agencies will ensure property is disposed of in accordance with policy by identifying staff with surplus management responsibilities and/or working closely with the SSPP.

## Surplus Vehicles

Procurement and disposal requirements for vehicles requires special handling. In addition to the requirements set forth herein, see PRO-506, Procurement of Motor Vehicles for procurement requirements.

## Federal Property Program

The Federal Property Program solicits and obtains equipment and supplies that are surplus to the needs of federal government agencies and makes the equipment and supplies available to Wisconsin state agencies and municipalities for a service fee. Cost savings may be realized by purchasing equipment and supplies through the Federal Property Program.



### Legal Authority

Wis. Stats. 16.04; 16.72(4)(b), (5)(a), (b), (c); 16.98  
20.915; 66.0301(1); 77.54(7m); 125.14(2)(e); 181.0103(17)  
346.65(6)(g)  
Wis. Admin Code Adm. 11  
Agencies Affected: All, unless otherwise noted

Authorized:  
Sara Redford, Director  
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Since purchases made through the Federal Property Program are transactions between agencies of government, the bidding process is not required. See PRO-504, Grants and Other Non-Procurement Transactions.

## Special Categories of Surplus

Existing specific state statutes prevail over general statutes, such as s. 16.72(4)(b), and over the scope of this policy. Agencies will determine if their surplus falls under the authority of a more specific statute. Current examples include but may not be limited to § 346.65(6)(g) related to proceeds from seized vehicles; § 40.01(2) related to employee trust fund usage; and §125.14(2)(e) related to proceeds from alcohol seizures.

## University of Wisconsin Surplus with a Purpose (SWAP) Program

The University of Wisconsin-Madison’s SWAP is available to all agencies for the disposal of any property with the potential for reuse, repair or high-grade salvage such as electronics (e.g., computers). Property disposed through SWAP will be reported by the originating owner agency.

Questions regarding the handling of state surplus property and the Federal Property Program will be referred to the [Bureau Surplus Property Program](#).

## Donations

Donations to nonprofit corporations (organizations) must be advertised (such as, in a newspaper of general circulation, Internet announcement, or bulletin board posting) and the donation must occur in a competitive manner. No single nonprofit corporation (organization) may be singled out for donation. Verification of nonprofit status may be required.



### Legal Authority

Wis. Stats. 16.04; 16.72(4)(b), (5)(a), (b), (c); 16.98  
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Donations of state property to private individuals, for-profit organizations or state employees are prohibited.

**PROCEDURE:**

- I. Use of Federal Property Program
  - A. State agencies must have an approved application on file to be eligible to receive property through the Federal Property Program. Agencies are encouraged to contact the [Federal Property Program](#) for more information.
  - B. Agencies also are encouraged to provide flexibility in the development of equipment and supplies specifications to permit the purchase of items from the Federal Property Program when practical.
- II. State Surplus Property Inclusions
  - A. State surplus is property (supplies, materials or equipment) that does not meet program needs due to one or more of the following:
    - 1. It does not function in whole or in part.
    - 2. It is technologically obsolete.
    - 3. It is otherwise not useful to the program.
    - 4. It is not needed in the foreseeable future to meet program responsibilities.
- III. State Surplus Vehicle Qualifications



**Legal Authority**

Wis. Stats. 16.04; 16.72(4)(b), (5)(a), (b), (c); 16.98  
20.915; 66.0301(1); 77.54(7m); 125.14(2)(e); 181.0103(17)  
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A vehicle qualifies for the SSPP if it is a used vehicle that the DOA has approved for disposal because it satisfies one or more of the following criteria:

- A. Vehicle is replaced by a new, used or other vehicle.
- B. Mileage exceeds minimum criteria as established in the Vehicle Procurement Memorandum for each year.
- C. Vehicle no longer satisfies agency's needs.
- D. Body and/or mechanical damage for passenger vehicles and light trucks exceeds 50% of the National Auto Research Black Book value to repair.
- E. Vehicle, including a bus or a large truck, has been approved for replacement for other reasons by the DOA.

#### IV. State Replacement Property Inclusions

State replacement is property (supplies, materials or equipment) that is due to be replaced because of one or more of the following:

- A. It is beyond the specified date established in an agency replacement schedule.
- B. It meets established DOA replacement criteria.
- C. It is technologically obsolete.
- D. It does not function in whole or in part.



#### Legal Authority

Wis. Stats. 16.04; 16.72(4)(b), (5)(a), (b), (c); 16.98  
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E. It will be replaced within the standard replacement schedule or within the current fiscal year with property that is functionally similar.

V. SSPP Role and Responsibilities

A. The SSPP is responsible for developing and implementing policies and procedures for state surplus property disposal.

B. The SSPP staff can assist in the organization of an on-site auction when the accumulated value of the items justifies an auction. Property from multiple agencies may be combined to achieve enough value. This auction option may be requested regardless of the current value of individual items. An auction fee will be charged.

VI. Agency Surplus Property Manager Responsibilities

Each agency will designate an individual as their surplus property manager to:

A. Maintain liaison with, and implement the policies and procedures of, the SSPP.

B. Make periodic inspections within the agency to determine if property qualifies as surplus or is historical.

C. Evaluate and dispose of agency surplus property in accordance with SSPP policies and procedures.

VII. Authorization from the SSPP:



Legal Authority

Wis. Stats. 16.04; 16.72(4)(b), (5)(a), (b), (c); 16.98  
20.915; 66.0301(1); 77.54(7m); 125.14(2)(e); 181.0103(17)  
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- A. Authorization is required to dispose of any state surplus property:
  - 1. Which had an original purchase price over the official sealed bidding threshold, regardless of current market value
  - 2. Which has a current market value over the official sealed bidding threshold. It is the agency's responsibility to determine and document current market value.
- B. Authorization is not required to dispose of state surplus property:
  - 1. Which has a current market value at or below the official sealed bidding threshold and the original purchase price was at or below the same.
  - 2. Which is being transferred between agencies within state government.

## VIII. Methods of Disposal

Per Adm 11.06, all state surplus property will be disposed by any one of the following methods:

- A. Transfer or sale to another state agency. The DOA will assist agencies in locating potential users of surplus state property.
- B. Transfer or sale to a municipality, as defined in s. 66.0301(1), other than a state agency.



### Legal Authority

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- C. Sale to the public by one of four methods:
  - 1. Soliciting competitive bid offers from the public.
  - 2. Offering to the public at a fixed sale price established by the DOA by appraisal, market survey or other means.
  - 3. Offering to the public at the highest competitive price arrived at through public auctions including on-line auctions.
  - 4. Arriving at a negotiated sale price that is determined by open documented negotiation.
- D. Trade-in on replacement equipment.
- E. Sale for salvage value. A minimum of three (3) bids is required from qualified sources. The agency will document the bids, including any negative responses.
- F. Scrapping for no value or limited value (applies only to non-vehicle surplus property).
- G. Destruction when security or confidentiality is required, when disposition by any other method might be hazardous to the public, or when attempts to dispose of the property by all other methods have failed. (This applies only to non-vehicle surplus property.)
- H. When the agency purchases property with federal funds, the agency will adhere to the notice requirements or procedures



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agreed upon at the time of purchase prior to disposing of the property. The state's disposal requirements then follow.

- H. There are restrictions on the disposal of certain major appliances, including air conditioners, clothes washers and dryers, dishwashers, freezers, microwave ovens, ovens, refrigerators and stoves.

## IX. Surplus Vehicle Disposal

- A. In addition to the methods identified above in section VIII, A-D, state agencies are permitted to trade in a vehicle against the purchase of a replacement vehicle. Such a trade-in requires the joint approval and appropriate justification from the SSPP and the transportation procurement manager. However, such a trade must clearly indicate that the trade-in is in the best interest of the state.
- B. Donations of state vehicles to private individuals, for-profit organizations or state employees are prohibited. Sales to state employees are prohibited unless vehicles are sold at pre-announced public auctions or by sealed bids.
- C. Summer use program or temporary assignment refers to any surplus vehicle(s) that is retained by the owning agency on a temporary basis after the replacement vehicle has been received. Such vehicles must be justified and approved in writing by the SSPP within 30 days after delivery of the replacement vehicle.
- D. A tow-away vehicle is a vehicle that has been declared unsafe to operate on public highways.



### Legal Authority

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## X. Net Proceeds and Accounting

A. Net proceeds refers to the difference between the income received from the sale less allowable deductions. Per Adm 11.07 (1), handling and selling costs may be deducted from the sales proceeds, which include but are not limited to:

1. Staff time (including overtime)
2. Storage expenses
3. Sales commissions
4. Transportation expenses
5. Legal expenses
6. Insurance expenses
7. Preparation expenses
8. Repayment of financial lease obligations

B. The funding source used to purchase the property being sold is important in determining how to account for the net proceeds from the sale of the property. Given appropriation type, net proceeds and accounting of such will be handled in accordance with the [State Accounting Manual](#) and guidance from the State Controller's Office.

## XI. Vehicle Surplus Prior Authorization Requirements



### Legal Authority

Wis. Stats. 16.04; 16.72(4)(b), (5)(a), (b), (c); 16.98  
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- A. SSPP authorization is required before disposing of any vehicle, by any method.
- B. SSPP staff will work with agency fleet manager(s) who are responsible for evaluating and identifying vehicles for disposal and coordinating the agency’s responsibilities for proper vehicle disposal.

## XII. Property of Potential Historical Value

Generally, property of historical value includes objects and possessions of agencies that are representative of their own past activities or that pertain to broader state and local history. Specifically, such property includes any object in good condition that conforms to one or more of the following:

- A. Property that was vital and unique to the activities and programs of an agency.
- B. Property that was invented, designed, handcrafted or manufactured in Wisconsin.
- C. Property associated with an important person, site or event in Wisconsin history, distant or recent.
- D. Property that advertises or symbolizes Wisconsin-based businesses, organizations or events.
- E. Property that is a work of art and that depicts Wisconsin people, places, events, symbols or activities.



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F. Property that is 50 years old or greater.

Specific questions related to items of historical value will be directed to the Wisconsin Historical Society.

### XIII. Reporting Requirements

- A. Agencies are delegated the authority to dispose of all surplus property with a present value of less than the top of the best judgment threshold. No approval or reporting is necessary.
- B. Surplus property with a current value matching the simplified bidding threshold does not require pre-sale approval. No immediate sale report is required, but a summary report will be submitted to the SSPP by July 31st for property disposed during the prior fiscal year.
- C. Surplus property with a current value over the official sealed bidding threshold requires prior approval from the SSPP using form DOA-3178: Surplus Property Declaration/Authorization. Sale results will be reported using DOA-3178 as well.
- D. Surplus property that had an original purchase price over the official sealed bidding threshold and that is planned to be sold or traded in will follow the prior approval and reporting procedure in C. above regardless of present value.

### XIV. Deface/Destroy Requirements

Prior to the sale of any property, agencies must remove, deface or destroy all State of Wisconsin insignias or identifications. Bonded vendors may be used to perform such services. All state data will be



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removed from all electronic media prior to disposition in accordance with data destruction policies set by the DOA, Division of Enterprise Technology and other applicable data destruction policies of the agency

## XV. Seller's Permit/State Sales Tax

- A. An agency needs a seller's permit from the Wisconsin Department of Revenue (DOR) only if the agency sells property on more than 20 days in a year and that property earns more than \$15,000 a year in taxable gross receipts.
- B. The originating owner agency will report and will pay to the DOR any sales tax collected from its own sales of its surplus state property.

## XVI. Management Reviews

The SSPP reserves the right to conduct periodic audits of agencies' surplus property programs.

REFERENCE: DOA-3178: Surplus Property Declaration/Authorization



### Legal Authority

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