



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5701 (Substitute H-1 as passed by the House)
Sponsor: Representative Larry Inman
House Committee: Appropriations
Senate Committee: Committee of the Whole

CONTENT

The bill would amend the Management and Budget Act to require the Department of Technology, Management, and Budget (DTMB), beginning October 1, 2016, before donating, disposing of, or selling surplus snow removal equipment or surplus road construction or maintenance equipment owned by the Michigan Department of Transportation (MDOT), to make that equipment available for sale at fair market value to local road agencies. The DTMB would have to issue directives to implement the bill's provisions.

("Local road agencies" would mean a local road agency as that term is defined in the Michigan Transportation Fund law: a county road commission or designated county road agency or city or village that is responsible for the construction or maintenance of public roads within the State under the law.)

The Act requires the DTMB to issue directives to provide for the disclosure, transfer, and disposal of surplus State agency personal property. The DTMB may dispose of surplus property through exchange, donation to a nonprofit organization, sale to a local unit of government, or public sale. Under the bill, this would be permitted except as described above.

MCL 18.1267

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill could generate additional revenue for the State. Currently, the State realizes approximately \$400,000 in annual revenue from surplus sales conducted through the DTMB. Under the bill, surplus equipment from MDOT would first have to be offered for sale to local road agencies at fair market value. The amount of additional revenue that could result is indeterminate and dependent on the amount of equipment sold and how much of that surplus eventually ended up being sold at the State's regular auction.

The bill could result in savings for local road agencies. Any MDOT equipment offered for sale by the DTMB could be purchased by local road agencies at a potentially lower price compared to prices at other sales or auctions. Additionally, local road agencies could purchase used, less expensive equipment from the DTMB rather than buying new equipment or more expensive used equipment outside of this special State sale. The estimated amount of savings for local road agencies is indeterminate and dependent on the savings that would result from purchases made under the provisions of the bill compared to purchases made in other sales or auctions.

Date Completed: 6-7-16

Fiscal Analyst: Joe Carrasco

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Bill Analysis @ www.senate.michigan.gov/sfa

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