

Chapter 8

Disposal of Personal Property

8.101 Procedures for Selling, Transferring, or Trading Personal Property are promulgated in accordance with Section 29-9-9.

8.101.01 Methods

Personal property which becomes surplus to the needs of a state agency may be disposed of in any of the following ways:

- (1) Sold
- (2) Traded
- (3) Transferred

State agencies that fall under the purview of the Bureau of Fleet Management should reference the State Fleet Manual for instructions on disposal of vehicles.

8.101.01.1 Disposal of Personal Property

Items with an estimated value of not more than \$1,000 may be salvaged, sold, traded, or transferred to other governmental entities.

Items with an estimated value of greater than \$1,000 and not more than \$5,000 can be traded, transferred or sold. When trading or selling items with a value of greater than \$1,000 and not more than \$5,000 a minimum of two written quotes must be obtained.

Items with an estimated value greater than \$5,000 can be transferred, traded or sold. An item or group of items of personal property with a total estimated value of greater than \$5000 may only be sold or traded after complying with the requirements set forth below for sealed bids as set forth in Subsection 8.101.01.2 or by auction as set forth in Subsection 8.101.03, Auction.

8.101.01.2 Personal property which becomes surplus to the needs of an agency or becomes obsolete or inoperable and still has a residual value may be traded as a part of the transaction to acquire new equipment.

This method of disposal may not be used when acquiring any vehicle covered by a state contract. The request for pricing based on a trade-in must be made a part of the specification for the equipment being purchased. The specification shall contain all pertinent information about the item being traded (i.e., make, model, year model, mileage or hours, where it may be seen, etc.). Surplus property may also be traded as a part of an acquisition of items covered by a state contract. All trades must be submitted on an Inventory Deletion Form and approved prior to releasing any equipment. The Inventory Deletion Form may not serve as a purchase request. The Inventory Deletion Form is to be considered as an inventory deletion form only. If an item is to be disposed of by trade-in, the Inventory Deletion Form shall be completed to include all information applicable to the trade-in. However, the agency must at the same time submit electronically the P-1 for approval to purchase the item to which the trade-in applies. Approval of

both documents must be obtained prior to the issuance of a purchase order.

Commentary

It should be noted that, when trading in a commodity and applying the revenue towards a reduction in the purchase price the agency must evaluate the value of the commodity being traded as well as the value of the item being procured to determine the proper methods of soliciting bids. If the estimated value of the item or items being traded is greater than \$1000 but not more than \$5000, two written quotes are required. If the estimated value of the "trade-in" commodity exceeds \$5000, then the transaction shall be advertised.

If the estimated value of the commodity to be purchased exceeds, \$50,000, then the transaction shall be advertised. See [Section 31-7-13, Mississippi Code of 1972, Annotated](#). If the estimated value of the commodity to be purchased exceeds, \$5,000, then the transaction shall be entered into after obtaining at least two competitive bids. See [Section 31-7-13, Mississippi Code of 1972, Annotated](#). An example of what is not proper and not allowed would be: an agency wishes to trade in commodities having a value, more than \$50,000; in return they would purchase commodities with a value of \$51,000 for a total cost of \$1,000. The agency would indicate that since the cost is only \$1,000, they should not be required to obtain bids. This is not a correct interpretation. The agency is using \$50,000 of state resources and acquiring an item with a value of \$51,000, therefore, this transaction would require advertising and sealed bids.

Another example would be:

If the estimated value of the commodity to be purchased is less than \$50,000, but the trade in value is over \$5,000 then the transaction shall be advertised. An example of what is not proper and not allowed would be: an agency wishes to trade in commodities having a value of more than \$5,000; in return they would purchase commodities with a value of \$40,000 for a total cost of \$45,000. The agency would indicate that since the cost is only \$45,000, they should not be required to obtain bids. This is not a correct interpretation. The agency has a trade in valued over \$5,000 so therefore, this transaction would require advertising and sealed bids.

8.101.01.3 Personal property may be transferred from one state agency to another state agency (including transfers to the Office of Surplus Property).

Property may also be transferred from a state agency to a governing authority. Transfers, or sale of property from one state agency to another, do not require approval of the Office of Purchasing, Travel and Fleet Management. The agencies must still submit the completed Inventory Deletion Form to the Division of Property Control, Office of the State Auditor and must obtain approval prior to disposing of the property.

8.101.01.4 An item or group of items of personal property may be sold to another state agency or governing authority by private treaty sale as set forth in Subsection 8.101.04.1, Private treaty sale is generally intended to refer to a sale based on the buyer's acceptance of a price set by the seller.

An item or group of items of personal property with a total estimated value of not more than

\$1,000 may be sold by private treaty negotiated sale to any private entity as set forth in Subsection 8.101.04.1, Private treaty sale is generally intended to refer to a sale based on the buyer's acceptance of a price set by the seller. An item or group of items of personal property with a total estimated value of not more than \$5000 may be sold to the highest bidder after first obtaining at least two written quotes. An item or group of items of personal property with a total estimated value of greater than \$5000 may only be sold after complying with the requirements set forth below for sealed bids or auction as set forth in Subsection 8.101.02.1, Sealed Bid, or Subsection 8.101.03, Auction.

8.101.02 Sale of Personal Property may be accomplished by public auction, sealed bid, or private treaty negotiated sale.

8.101.02.1 Sealed Bid

Agencies when disposing of personal property by sealed bid will be required to advertise the sale in the same manner as set forth in [Section 31-7-13\(c\), Mississippi Code of 1972, Annotated](#) (with the exception of providing notice of the advertisement to the Mississippi Procurement Technical Assistance Program (MPTAP) under the Mississippi Development Authority). Such advertisement shall be made one time each week for two consecutive weeks and shall be made in a newspaper published in the county or municipality in which the agency is located or in a newspaper of state circulation. Such advertisement should indicate where, when, and for how long Invitation for Bids may be obtained; generally describe the items being sold; when and where the items may be seen; and contain other pertinent information but is not required to include detailed specifications. Bids received for such sale shall be handled in compliance with Subsection 3.106.11, Receipt, Opening, and Recording of Bids. No equipment sold by sealed bid shall be released to the successful bidder until the Inventory Deletion Form has been approved by the Office of Purchasing, Travel and Fleet Management and Property Control, Office of the State Auditor. The opening of sealed bids for the sale of state owned property shall be in compliance with Subsection 3.106.11, Receipt, Opening and Recording of Bids.

8.101.02.2 Property Disposal Specifications

The specifications or instructions to prospective buyers should provide a listing of all items being offered and such listing shall provide, but is not limited to, the following:

- (1) Classification; (i.e., chair, typewriter, automobile, etc.).
- (2) Make – Model
- (3) Year of manufacture.
- (4) Mileage or hours used
- (5) Location – (Where the item may be seen.).
- (6) Date and time when item may be inspected.
- (7) Address of location to which the bids shall be delivered.
- (8) Time and date set for the bid opening.
- (9) Name of person (include telephone number) to be contacted if additional information is necessary.

Commentary

This listing, appropriately, should also serve as the Bid Form in which case each item should be numbered in a manner that would be easily recognized by any prospective buyer. The number shown on the item shall be the same as the number shown on the listing applicable to that item.

8.101.02.3 Bid Rejection

The selling agency shall have the authority to reject any or all bids or any part of any or all bids if it is determined by the head of the selling agency, the Chief Procurement Officer, or a designee of either that:

- (1) The item should remain in service with the using agency or that it would be to the best interest of the State to transfer, etc., or sell the item to another agency or governing authority;
- (2) The best price offered was determined to be too low; or
- (3) The information provided on the listing of items was erroneous or misleading in such a manner as to be detrimental to the buyer or the State.

8.101.03 Auction**8.101.03.1 Public auctions have long been an acceptable, as well as preferred method of disposing of surplus property that is advantageous to the State.**

Auctions allow buyers to offer more than a single price for any particular item. This is not the case with the sealed bid procedure. Because of this, items sold at auction have historically brought more money than those sold by sealed bid.

8.101.03.2 Selection Process

Auctioneers or auction companies and the selection of them provides for three (3) options which are:

- (1) Auctions that are held on agency property;
- (2) Auctions held at auction company location; and
- (3) Online auctions

8.101.03.3 Auctions Held on Agency Property

When conducting an auction at the agency location, a decision must be made as to the extent of the involvement by the auction company. The two options available are:

- (1) Will the auction company only be required to sell each item with no involvement in any other aspect; i.e., advertisement, item numbering, paper work, collection, etc; or
- (2) Will the auction company provide a "lock and key" job? In which case the auction

company will be responsible for all aspects of the auction up to the depositing of receipts.

8.101.03.4 If the auction company is responsible only for selling each item, the selling agency may negotiate with a company provided the fee does not exceed an amount equal to ten percent (10%) per item but not to exceed \$50 per item.

Example: The fee would be ten percent (10%) on any item selling for not more than \$500. Items selling for more than \$500 will generate a flat fee of \$50 per item to the auction company.

Buyers fee may be allowed. Such contracts may be made without advertising; however, the Chief Procurement Officer or his/her designee must review contract prior to execution.

8.101.03.5 If the auction company fee is in excess of that set forth in 8.101.03.4, the auction company may only be selected through the competitive bid process.

Specifications shall be written which shall set forth all requirements imposed on the auction companies offering bids. No buyer fee is allowed if auction is held on agency property. The intent to contract shall be advertised in compliance with [Section 31-7-13\(c\), Mississippi Code of 1972, Annotated](#), and approval of specifications must be granted by the Chief Procurement Officer or his/her designee.

8.101.03.6 Dealer Auctions

Vehicles - see State Fleet Manual.

Other equipment - If the dealer auction company is responsible only for selling each item, the selling agency may negotiate with a company, provided the fee does not exceed an amount equal to ten percent (10%) per item but not to exceed \$50 per item. Buyers fee may be allowed for this type of disposal (vehicle).

Example: The fee would be ten percent (10%) on any item selling for not more than \$500. Items selling for more than \$500 will generate a flat fee of \$50 per item to the dealer auction company.

8.101.03.7 Any time equipment owned by state agencies is sold at public auction, the Office of Purchasing, Travel and Fleet Management shall be notified in writing not less than 15 days prior to the auction.

This notification shall include:

- (1) A detailed list of the items being sold,
- (2) The time, date, and place where the auction will be held,
- (3) A copy of the auctioneer's contract,
- (4) Copies of specifications and bids for auctioneer's services (if applicable),
- (5) A list of potential buyers who are being sent a notification of the auction; and
- (6) A copy of, or a draft of, a legal advertisement to notify potential bidders of the day, time, and place of auction. The advertisement should run in a newspaper of general circulation in the county in which the auction will be held and should appear in the paper not less than twice. The second appearance of the advertisement shall be not less than seven (7)

working days prior to the auction. If a copy of an advertisement is submitted, it should include the days in which it appeared in the newspaper. If a draft of an advertisement is submitted, the agency should indicate the days it will appear in the newspaper.

Included with this information should be a request for authority to proceed with the auction. If approved, the agency shall have authority to release the property to the successful bidders at the time of the auction. Buyers fees are allowed if the agency agrees to the percentage of fee charged. Agencies will still be required to submit the appropriate Authorization to Dispose of Personal Property, Inventory Deletion Form, after the auction. The Office of Purchasing, Travel and Fleet Management reserves the right to attend any auction and to reject any bid which is determined to not be in the best interest of the State.

8.101.04 Private Treaty

8.101.04.1 Private treaty sale is generally intended to refer to a sale based on the buyer's acceptance of a price set by the seller.

Private treaty sale is generally intended to refer to a sale based on the buyer's acceptance of a price set by the seller. An item or group of items of personal property may be sold to another state agency or governing authority by private treaty sale. Such a method of sale applicable to state-owned property can only be used if the buyer is another state agency or is a governing authority (both entities must meet the requirements as set forth in the definitions of each in [Section 31-7-1, Mississippi Code of 1972, Annotated](#)); or if the agency determines the value of the state-owned property is less than, \$1,000, a private treaty sale may be negotiated with a private entity. Agencies interested in entering into private treaty sales with governing authorities or private entities shall submit an Inventory Deletion Form to the Office of Purchasing, Travel and Fleet Management for review.

8.101.04.2 When using the private treaty method, it should be the consideration of the selling agency that the price not be set too high, such as book retail price.

This could and, in many cases, will create a situation that because no agency or governing authority would pay the price being asked, the equipment was sold at public auction to a private entity buyer at a price less than that which was asked of the government entities. Keep in mind that if another agency or a governing authority has use for equipment that becomes surplus to the selling agency then the selling agency should give every consideration to "cutting a deal" for any other government entity having a need for the item; however, if the selling entity has statutory authority to rebudget the proceeds from the sale of surplus property, they should employ a method which involves competition (auction or sealed bid). In doing so, the seller would realize the best price available at that time and the buyer, should it be another government entity, may get the equipment at a price less than that which had been asked.

Commentary

If your agency has no statutory authority to rebudget proceeds from the sale of the equipment, you may wish to simply transfer the item to another agency or governing authority. Agencies should keep in mind that the Office of Surplus Property is in the business of redistributing surplus property to those entities that have a need for the items. Interested agencies should contact the Office of Surplus Property to ascertain the available options.

8.101.05 Electronic Recyclers

Agencies seeking to dispose of state-owned personal property that meets the definition of “electronics” found in Section 49-2-101, Mississippi Code of 1972, Annotated may dispose of the property through the use of a certified electronic recycler, after a determination is made that the item(s) have no value and the property will not be sold, traded, or transferred by the agency. Agencies shall only use certified recyclers who appear on the directory maintained by the Mississippi Department of Environmental Quality for the disposal of agency electronics, in accordance with Section 49-2-103, Mississippi Code of 1972, Annotated.