

DEPARTMENT OF MANAGEMENT AND BUDGET

FEDERAL SURPLUS PROPERTY PROGRAM

(By authority of Act No. 139 of the Public Acts of 1961, being S18.251 et seq. of the Michigan Compiled Laws)

DEFINITIONS

R 18.1 "Federal surplus property" defined.

Rule 1. "Federal surplus property" means personal and real property, including equipment, materials, supplies, land and buildings declared surplus by an agency of the federal government and donated to the state for distribution and utilization within the state in accordance with the federal act.

History: 1979 AC.

R 18.2 "Federal surplus property section" defined.

Rule 2. "Federal surplus property section" means the organizational unit of the purchasing division of the state department of administration which has been designated to receive, warehouse and distribute federal surplus property for the state of Michigan.

History: 1979 AC.

R 18.3 "Federal act" defined.

Rule 3. "Federal act" means the federal property and administrative services act of 1949, Public Law No. 152 of 1949, as amended.

History: 1979 AC.

R 18.4 Eligible donees.

Rule 4. "Eligible donees"--Personal property may be acquired for educational purposes, including research, by tax supported school systems, schools, colleges or universities or nonprofit schools, colleges or universities. It may also be acquired for public health purposes, including research, by tax-supported or nonprofit medical institutions, hospitals, clinics, or health centers. Nonprofit institutions must be exempt from taxation under section 501(c)(3) of the 1954 Internal Revenue Code (or section 101(6) of the 1939 Internal Revenue Code). Personal property may also be acquired by civil defense organizations of political subdivisions and instrumentalities [sic] of a state which are established pursuant to state law. The act is specific with respect to the types of organizations which are eligible; types not mentioned above are not eligible to acquire federal surplus personal property through the donation program administered by the department of health, education and welfare.

History: 1979 AC.

R 18.5 "D.H.E.W." defined.

Rule 5. "D.H.E.W." means the United States department of health, education and welfare.

History: 1979 AC.

## RULES

### R 18.11 General.

Rule 1. All rules and regulations of the state are superseded by the rules and regulations as promulgated by the federal act.

History: 1979 AC.

### R 18.21 Eligibility.

Rule 2. (1) Health and educational institutions, requesting eligibility, shall contact the federal surplus property section, department of administration, Lansing, Michigan, for application forms:

(a) SASP Form #1 will be completed by the applicant for eligibility determination with eligibility questionnaire form SASP #19.

(b) SASP Form #1 will be completed by the applicant for eligibility determination with eligibility questionnaire form SASP #35.

(2) On the basis of the information submitted, the federal surplus property section will approve or disapprove the application, pursuant to the federal act. For borderline cases, the application will be forwarded to DHEW, who has the final authority for eligibility determination.

(3) Approved applicants will receive a certificate of eligibility with an identification card authorizing access to designated state warehouses for selection of surplus property.

(4) Civil defense organizations shall make application for certification of eligibility to the Michigan office of civil defense, Michigan state police, East Lansing, Michigan, on forms provided for this purpose. Upon notification of approval by the Michigan office of civil defense, the federal surplus property section will issue to the applicant a certification of eligibility and an identification card authorizing access to designated state warehouses, for selection of surplus property.

History: 1979 AC.

### R 18.31 Distribution of property.

Rule 3. Federal surplus property is secured by eligible donees, by selection at state surplus warehouses. The central warehouse is located at Jackson, Michigan, with regional warehouses at Cadillac and Escanaba, Michigan.

(a) Common-use items (handtools, furniture, hardware, textiles, office machines and supplies, etc.) shall be made available on a first-come, first-serve basis, within reasonable limits depending on the size and utilization possibilities of the applicant.

(b) Special equipment items (machine tools, motor vehicles, construction equipment, etc.) shall be made available on the basis of "want lists" of desired equipment which shall be submitted to the federal surplus property section in accordance with procedures established for this purpose.

Available special equipment shall be distributed in chronological order according to date of receipt of the "want list". Emergency requests (due to fire, flood, tornado, disaster, etc.) will be given special consideration for "want list" property.

(c) Final authority. The federal surplus property section will make the final determination as to kind and quantity of personal property that may be received by health and educational eligibles, in accordance with the provisions of the federal act. Allocations to civil defense eligibles will be under the authority of the Michigan office of civil defense, Michigan state police.

(d) Removal. Donees receiving property are required to provide their own transportation in removing such property from the warehouses.

(e) Limitations. The federal surplus property section reserves the right to limit the quantity of articles available for each donee, where such limitation results in a fair and equitable distribution of property in limited supply.

History: 1979 AC.

R 18.41 Service charges.

Rule 4. Service charges for all personal property received by an eligible donee shall be reasonable and sufficient to cover all administrative expenses incurred by the federal surplus property section. The amount of such charges will be indicated on the articles or bins containing articles located at the distribution warehouses. Such service charges shall be paid by the donee within 60 days after the date of billing. Failure to pay service charges within 60 days shall be sufficient cause to refuse distribution of additional property to the donee, until settlement is made.

History: 1979 AC.

R 18.51 Eligible donee contract.

Rule 5. (1) At the time of property transfer, a "warehouse application and delivery agreement (W.A.D.A.)" form will be signed by the eligible donee. The W.A.D.A. states the terms and conditions applicable to all property donated.

(2) The basic terms and conditions are as follows:

(a) The eligible donee will not sell, trade, lease, or otherwise dispose of any federal surplus property, or remove same from its premises or from the state of Michigan without prior approval of the federal surplus property section.

(i) In accordance with the federal act, all property with an original government acquisition cost of \$2,500.00 or more must be used for health or educational purposes for a period of 4 years. After the use restriction has been completed, the donee then has free and clear title to the property.

(ii) On items with an original government acquisition cost of less than \$2,500.00 the use restriction is 2 years.

(iii) Rules and regulations regarding the use of government surplus donated for civil defense purposes are governed by the Michigan office of civil defense and the federal office of civil defense.

(b) All property acquired by the eligible donee shall be on an "as is, where is basis" without warranty of any kind.

(c) The eligible donee agrees to all terms and conditions governing the transfer of federal surplus property, as set forth on the original certificate of eligibility, and in accordance with the rules of the federal act.

(d) The donee certifies that funds are available to pay the cost of care and handling incident to donation, including packing and handling, preparation for shipment, loading and transporting of such property.

History: 1979 AC.

R 18.61 Utilization.

Rule 6. (1) In accordance with the federal act, the federal surplus property section will make periodic on-site inspections of property donated for health and educational purposes. If the property is not being used for an eligible purpose, corrective action will be taken by the federal surplus property section or the DHEW, or both, in accordance with the federal act.

(2) Civil defense donee utilization inspection will be conducted by the Michigan office of civil defense.

History: 1979 AC.

R 18.71 Real property.

Rule 7. (1) Real property may consist of land, land and buildings and appurtenant improvements; or buildings only, with or without accompanying and related personal property. It may be a portion or all of a surplus government installation.

(2) Real and related personal property may be acquired for educational use, or for use in the protection of public health, including research, by states and their political subdivisions and instrumentalities, by tax-supported institutions, and by nonprofit institutions which have been held exempt from taxation

under section 101(6) of the 1939 Internal Revenue Code (or section 501(c)(3) of the 1954 Internal Revenue Code). Public libraries, water and sanitary units and vocational and medical rehabilitation centers may be eligible for real property.

(3) The federal surplus property section will receive real property offerings from DHEW on all available surplus real property located in the state of Michigan. At that time, all eligible donees in the area will be circularized relative to the availability of specific real property. All interested applicants should then notify, in writing, the federal surplus property section of their interest.

(4) Depending on the type of transfer, appropriate application formats will be given to all interested applicants. Upon completion of these applications, the federal surplus property section will forward the applications to DHEW.

(5) From this point forward, the federal surplus property section acts as a conduit for DHEW in carrying out the federal act with respect to real property. DHEW representatives are responsible under the federal act to make final determinations on all applications; and, DHEW executes the final transfer of title with the ultimate donee.

(6) All inquiries regarding real property transfers should be directed to the federal surplus property section.

History: 1979 AC.