

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 510
Second Edition Engrossed 4/26/17

Short Title: Surplus Equipment Auctions. (Public)

Sponsors: Senators Meredith and Tucker (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 30, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO DIRECT THE STATE SURPLUS PROPERTY AGENCY TO ESTABLISH A
3 PILOT PROGRAM AND ENTER INTO A REQUEST FOR PROPOSAL TO CONDUCT
4 AUCTIONS FOR SURPLUS EQUIPMENT FOR THE DEPARTMENT OF
5 TRANSPORTATION AND OTHER STATE AGENCIES.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.(a)** Pilot Program to Reduce Inventory of State Surplus Property. –
8 No later than July 1, 2017, the State Surplus Agency shall establish a pilot program for
9 disposing of state surplus property, including motor vehicles and equipment, by public auction
10 in accordance with Section 1 of this act. In implementing this pilot program, the State Surplus
11 Agency shall prepare a request for proposals pursuant to Section 1.(b) and Section 1.(d), for
12 three (3) public auctions during this pilot program. The pilot program shall terminate on July 1,
13 2019.

14 **SECTION 1.(b)** By October 1, 2017, the State Surplus Property Agency shall issue
15 a request for proposal (RFP) for the sale of surplus titled and nontitled equipment, not owned
16 by the Department of Transportation, at public auction. The equipment auctions shall be held
17 on the campus of the community college closest in proximity to the majority of the items for
18 sale at a given auction. The Agency shall allocate staff to provide information about the
19 equipment being offered at auction and shall provide full equipment condition to the auction
20 company at no cost. The Agency shall provide reasonable access to the equipment at the
21 location the equipment is being stored prior to the auction. The RFP shall require that proposals
22 conform to the following:

- 23 (1) Must offer the equipment via live simulcast with live, interactive bidding in
24 real time and provide a minimum of seven days pre-bidding prior to the live
25 simulcast.
- 26 (2) Must accept cash or credit payments. The auction company may charge
27 credit card and platform fees of up to three percent (3%) of the highest and
28 final bid.
- 29 (3) Must remit the net proceeds from the auction to the State within 14 business
30 days after the auction is completed. The auction company may offset up to
31 one-quarter of one percent (0.25%) of the gross sale for advertisement cost
32 reimbursement.
- 33 (4) Must post a cash bond or equivalent guarantee in the amount of two hundred
34 fifty thousand dollars (\$250,000), made payable to the State of North
35 Carolina.



- 1 (5) Must have a minimum coverage of two million dollars (\$2,000,000) in
2 commercial general liability insurance.
- 3 (6) Must agree to charge no commission to the State. The auction company may
4 charge a buyer premium, not to exceed ten percent (10%) to the final and
5 highest bid.
- 6 (7) Must be a licensed auction company with a current and valid North Carolina
7 Auctioneer license issued pursuant to Chapter 85B of the General Statutes.
8 Preference shall be given to an auction company based in this State.
- 9 (8) Must have ability to conduct auctions on the various campuses of
10 community colleges in this State.

11 **SECTION 1.(c)** By March 1, 2018, the State Surplus Property Agency shall review
12 the proposals submitted and shall enter into a contract with the lowest responsible bidder who
13 provides evidence satisfactory to the Agency that it meets the requirements of this section.

14 **SECTION 1.(d)** By October 1, 2017, the State Surplus Property Agency shall issue
15 a request for proposal (RFP) for the sale of surplus titled and nontitled equipment owned by the
16 Department of Transportation at public auction. The Department shall group the various
17 divisions into three regions for the purposes of holding auctions. The Department of
18 Transportation shall be responsible for the movement and cost of transporting equipment to the
19 auction site. The auction company shall be responsible for any equipment that leaves the care,
20 custody, and control of the auctioneer. The Department of Transportation shall provide the
21 equipment maintenance file and the preventative maintenance schedule for each item of
22 equipment being auctioned. Notwithstanding G.S. 143-64.05(b), receipts generated from the
23 sale of surplus equipment pursuant to this section shall be remitted to the Department of
24 Transportation. The RFP shall require that proposals conform to the following:

- 25 (1) Must accept payment by any commercially reasonable manner. The auction
26 company may charge credit card and platform fees of up to three percent
27 (3%) of the highest and final bid.
- 28 (2) Must provide at least three different times for public inspection of equipment
29 offered for each auction.
- 30 (3) Must remit the net proceeds from the auction to the Department of
31 Transportation within 14 business days after the auction is completed. The
32 auction company may offset up to one-quarter of one percent (0.25%) of the
33 gross sale for advertisement cost reimbursement.
- 34 (4) Must post a cash bond or equivalent guarantee in the amount of two hundred
35 fifty thousand dollars (\$250,000), made payable to the State of North
36 Carolina.
- 37 (5) Must have a minimum coverage of two million dollars (\$2,000,000) in
38 commercial general liability insurance.
- 39 (6) Must agree to charge no commission to the State. The auction company may
40 charge a buyer premium, not to exceed ten percent (10%) to the final and
41 highest bid.
- 42 (7) Must be a licensed auction company with a current and valid North Carolina
43 Auctioneer license issued pursuant to Chapter 85B of the General Statutes.
44 Preference shall be given to an auction company based in this State.
- 45 (8) Must require that successful bidders provide and complete proper transfer
46 documents for titled equipment.
- 47 (9) Must be capable of conducting auctions in regions specified by the
48 Department of Transportation.

49 **SECTION 1.(e)** By March 1, 2018, the State Surplus Property Agency shall review
50 the proposals submitted and shall enter into a contract with the lowest responsible bidder who
51 provides evidence satisfactory to the Agency that it meets the requirements of this section.

1 **SECTION 2** No later than October 1, 2019, the State Surplus Agency shall report
2 to the Joint Legislative Transportation Oversight Committee on the public auction of state
3 surplus property pursuant to the pilot program established pursuant to Section 1 of this act. At a
4 minimum, this report shall include information on the following:

- 5 (1) The quantity and type of properties offered as part of each request for
6 proposal.
7 (2) The details of each request for proposal and award of contract pursuant to
8 each request for proposal.
9 (3) The results of the state surplus property public auctions, including
10 information details of each public auction, the identity of the purchaser, and
11 the average ratio of sale price to estimated state surplus property value.
12 (4) Other information the State Surplus Agency deems necessary.

13 **SECTION 3.** This act is effective when it becomes law.