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## FISCAL IMPACT REPORT

**ORIGINAL DATE**  
**LAST UPDATED** 02/01/12 **HB** \_\_\_\_\_

**SPONSOR** P. Griego \_\_\_\_\_

**SHORT TITLE** Department of Transportation Property Auction **SB** 134 \_\_\_\_\_

**ANALYST** Wilson \_\_\_\_\_

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
	\$300.0	\$300.0	Recurring	State Road Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Unknown*	Unknown*		Recurring	State Road Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

\*See Administrative Implications

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Transportation (DOT)

General Services Department (GSD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 134 authorizes the DOT to auction or dispose of tangible personal property with a value greater than \$5,000 that is used to manage, maintain or build roads. Proceeds are credited to the State Road Fund.

DOT must notify the Department of Finance and Administration of the disposition of all property.

## **FISCAL IMPLICATIONS**

According to DOT this bill will bring \$300,000 or more in sale proceeds back to the Road Fund to support the DOT's programs. Presently, the DOT has more than 90 items, primarily heavy construction equipment that it is unable to sell. The DOT has no legal authority to dispose of tangible personal property valued in excess of \$5,000.

Under NMSA 1978, Section 13-6-1, state agencies may sell or dispose of surplus tangible personal property valued at \$5,000 or less. In a companion statute, NMSA 1978, Section 13-6-2, state agencies may sell or dispose of surplus tangible personal property and real property valued at more than \$5,000. However, the DOT is one of several agencies that are excluded from this provision.

As a result, heavy construction equipment was excluded from the DOT's recent auction that was held in September 2011, from which the DOT earned about \$65,000. During that auction, several buyers expressed an interest in purchasing the heavy construction equipment. The proceeds were credited to the State Road Fund.

Additional revenues resulting from the sale of heavy equipment will vary depending upon the number of heavy equipment items disposed of each year. DOT claims that all the equipment they wish to sell was purchased with state funds only.

## **SIGNIFICANT ISSUES**

Under current law Sec. 13-6-1 a public body is authorized to dispose only of items that are unusable or have a resale value of less than \$5,000.

This amendment will bring additional revenue to the Road Fund to be used to support DOT's programs.

For example, the heavy construction equipment DOT would like to sell includes a 2001 Street Sweeper with a resale value of \$47,000, a 1981 International Scrapper valued at \$18,700 and a motor grader valued at \$15,000.

A state agency shall give the Surplus Property Bureau of the Transportation Services Division of The General Services Department the right of first refusal when disposing of obsolete, worn-out or unusable tangible personal property of the state agency. This bill will not change this requirement.

## **ADMINISTRATIVE IMPLICATIONS**

DOT is currently holding auctions of DOT items under \$5,000. In addition to staff time, DOT pays an auctioneer \$7,000 per auction. DOT believes that costs to their operations funds will be far outweighed by the monies the State Road Fund will receive from auctioning off equipment worth more than \$5,000. DOT has invited the Corrections Department and other state agencies to sell surplus equipment at DOT auctions.

DW/lj