

**1260.0500 TERMS AND CONDITIONS ON DONABLE PROPERTY.**

Subpart 1. **Items worth \$2,000 or more.** The following general conditions, in conjunction with conditions imposed by the terms of an individual sale of items, are imposed by the state of Minnesota and are applicable to items with a unit acquisition cost of \$2,000 or more:

A. There shall be a period of utilization restriction which shall expire after the property has been used for the purpose for which acquired for a period of four years, except that all state of Minnesota agencies shall be required to manage federal surplus property in accordance with statewide inventory management programs.

B. From the date it receives the property, the donee shall not sell, trade, lease, lend, bail, cannibalize, encumber, or otherwise dispose of such property or remove it permanently for use outside the state, without prior written approval of the FSP activity, until expiration of all utilization restrictions.

C. If at any time from the date it receives the property until expiration of utilization restrictions, any of the property is no longer suitable, usable, or further needed by the donee, the donee shall promptly notify, in writing, the FSP activity and shall be directed, in writing, by the FSP activity to return the property to the FSP activity, release the property to another donee or another state agency, sell, or otherwise dispose of the property.

D. In the event that any property acquired through the FSP activity is sold, traded, leased, loaned, bailed, cannibalized, encumbered, or otherwise disposed of contrary to state or federal law or regulation, relating but not limited to the General Services Administration special handling or use regulations, the donee shall pay the FSP activity the proceeds of the disposal or the fair market value or the fair rental value of the property at the time of such disposal as determined by the FSP activity. "Fair market value" and "fair rental value" as used herein shall mean the value of obtaining a like item in the local industrial, retail, or other market.

E. The proceeds from any authorized sale or transfer shall be reimbursed pursuant to part 1260.0800, subparts 1 to 3.

Subp. 2. **Items worth less than \$2,000.** The following conditions are imposed by the state of Minnesota, applicable to items with a unit acquisition cost of less than \$2,000:

A. Appropriate inventory controls shall be established by each donee to ensure optimum property utilization and control in conformance with federal and state law and rules.

B. Except as listed in item C, property with acquisition cost of less than \$2,000 which is no longer needed or suitable for use in the federal surplus program may be sold or junked by the donee possessing such property, consistent with any laws and internal

policies and procedures governing such disposition. Donees shall be authorized to retain all revenues derived from such sale of surplus property, assuming that all aforementioned criteria have been met.

C. Consistent with federal statutory requirements, all property must be placed in use within one year and be used for one year after being placed in use. Donees in violation of this requirement shall return such property to the FSP activity.

Subp. 3. **Penalty.** Failure to comply with all terms, conditions, and provisions of state and federal law and regulation may subject donee to removal from FSP eligibility.

**Statutory Authority:** *MS s 16B.04*

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