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Surplus Township Property

By Rebecca Otto, State Auditor

From time to time, townships have property such as used computers, office equipment, or vehicles that are no longer useful. State law restricts the manner in which towns can get rid of some property and also restricts town officers or employees from purchasing town property.

The Value of the Property Matters

Township items with no value can be thrown away or recycled. However, there are statutory requirements on disposing of property that still has some value.

For property with a current value of less than \$25,000, the town can use quotations or bids from potential purchasers, or use the open market. The “open market” would include businesses that purchase used items or auction websites such as eBay. To document that you received quotes, get them in writing. If you get quotes or bids over the phone, write down the name of the person you talk with, the time of the call, and the quotes you received.

For property valued between \$25,000 and \$100,000, the township can sell using either quotations or a formal bidding process.

There are times when townships need to dispose of big equipment items such as road graders or fire engines. If the estimated value exceeds \$100,000, a formal bidding process, with published notice and sealed bids, will usually need to be followed. However, state law does exempt from any bidding or quote requirements sales of surplus property on web auction sites where purchasers compete in an “open and interactive environment”.

Purchase by Town Officers or Employees

State law restricts the acquisition of town property by town officers or employees. Minn. Stat. Section 15.054 prohibits town officers from ever receiving surplus town property.

It is possible for town employees to purchase surplus town property, but only under certain conditions. We recommend that the town consult with its attorney or the MAT for more information.

Disposing of Computers

Finally, if a town is selling used computers or any electronic devices, steps should be taken to securely remove all information on the device prior to sale. Simply deleting the information is not enough. The hard drive should be commercially cleaned or “scrubbed” prior to it being transferred to any third party. This step will help the town avoid release of possible nonpublic information stored on the computer.