

# Supreme Court of Kentucky

2017-05

## IN RE: JUDICIAL BRANCH SURPLUS PROPERTY

### ORDER

- I. As used in this Order, the term “personal property” refers to any movable or tangible thing that is subject to ownership and not classified as real property.
- II. The Administrative Office of the Courts (AOC) may sell or otherwise dispose of any personal property of the Judicial Branch which is not needed or has become unsuitable for public use.
- III. Prior to selling or disposing of surplus personal property, a written determination as to need or suitability of the personal property must be made.
  - A. The written determination must fully describe the personal property, its intended use at the time of acquisition, the date of original purchase, the original purchase price, and the reasons why it is in the public interest to either surplus or dispose of the item.
  - B. Personal property may be declared surplus and disposed of only upon approval by the Director of the AOC or designee.
  - C. Vehicles shall not be considered surplus unless one or more of the following conditions is met:
    1. The vehicle is more than seven (7) years old; or
    2. The vehicle has more than 100,000 miles; or
    3. The AOC Director or designee determines that the vehicle is not safe for use and the cost to repair it exceeds the depreciated value thereof.

- IV. Surplus personal property as described in this section may be:
- A. Transferred, with or without compensation, to another governmental agency; or
  - B. Transferred, with or without compensation, to a nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, excluding a religious organization, lawfully doing business in the Commonwealth, and serving a public purpose of an essentially governmental, civic, educational, or charitable nature, after first receiving from the recipient organization a Certificate of Good Standing from the Kentucky Secretary of State's Office and evidence of nonprofit status; or
  - C. Used as a trade-in in the procurement of a similar item from an outside vendor if approved by the AOC Director or designee; or
  - D. Sold to the general public using either the sealed bid or public auction, including consignment auction or internet auction, methods of sale. Sale by sealed bid or public auction must be preceded by notice adequate to inform the general public of the sale. The AOC may reject all bids if the highest bid is insufficient to justify the sale based on the estimated value of the items; or
  - E. Disposed of in any manner deemed appropriate by the AOC consistent with the public interest if the AOC Director or designee determines that the item has no commercial value or that the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale.
  - F. Disposal of hazardous items shall be made in the manner prescribed by the U.S. Environmental Protection Agency (EPA) and the U.S. Occupational Safety and Health Administration (OSHA) and in accordance with all their standards, policies and regulations.
- VI. Upon the sale or disposal of personal property, the AOC must:
- A. Delete surplus items from inventory listings; and

- B. Maintain according to the Records Retention Schedule for the Administrative Office of the Courts records of the disposition including a written description of the property, the method of disposal, and the amount of any compensation; and
  - C. Manage the accounting of any applicable federal interest in the property; and
  - D. Retain the proceeds from the disposition of surplus property.
- VII. The AOC may discharge its duty to sell or dispose of personal property of the Judicial Branch by and through the Finance and Administration Cabinet (FAC) Division of Surplus Property upon agreement of the FAC.
- VIII. No employee of the Judicial Branch may personally benefit from the sale or disposal of surplus property.
- A. Employees of the Judicial Branch may only purchase surplus property of the Judicial Branch if the item is purchased on the same terms that were made available to the general public or the purchase was made at public auction.
  - B. To avoid the appearance of impropriety, AOC employees, supervisors, and managers directly involved in conducting, managing or overseeing the sale or disposition of surplus property are not permitted to purchase or otherwise receive personal property of the Judicial Branch.
- IX. Records of Judicial Branch surplus property disposition are public documents and must be made available to the public upon request.

Entered this 19<sup>th</sup> day of April 2017.

  
CHIEF JUSTICE