



**House
Legislative
Analysis
Section**

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SALES OF LEGISLATIVE OFFICE FURNITURE

House Bill 4555 as introduced
First Analysis (11-13-89)

Sponsor: Rep. Sal Rocca
Committee: State Affairs

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THE APPARENT PROBLEM:

Public Act 389 of 1982 amended the Management and Budget Act to allow former Governor Milliken to purchase a state-owned security gate at his Traverse City home and certain pieces of office furnishings. The provisions of that act, now contained in Public Act 431 of 1984, authorize the Department of Management and Budget (DMB) to sell to former legislators and governors office furnishings and other equipment used by them.

The state historical museum (under the jurisdiction of the Department of State) traditionally has loaned antiques and other historical items to legislators for use in their offices, but with the passage of Public Act 389, the museum, concerned about the possible loss of valuable items from its collections, has confined its loans to only those items previously used by legislators. With the lending program curtailed, legislators and the public have less of an opportunity to enjoy items that otherwise would be gathering dust in a warehouse.

It has been suggested that certain limits be placed on the purchase of office furnishings by former governors and legislators, so that the state's historical heritage may be better protected, and with that protection, may be made more accessible to legislators and the public.

THE CONTENT OF THE BILL:

The Management and Budget Act allows the Department of Management and Budget to sell (at fair market value) to former governors and former legislators their office furnishings and other equipment. The bill would amend the act to require that the office furnishings and equipment sold under the provisions of the act be (a) less than 30 years old and (b) of no historical significance (as determined by the Department of State). The bill also would delete a requirement that the sale be based on the replacement value of the property as determined by the purchasing division of DMB.

MCL 18.1275

FISCAL IMPLICATIONS:

The House Fiscal Agency reported that a similar bill (in 1988) would have no fiscal implications for the state.

ARGUMENTS:

For:

For years the Department of State has loaned legislators and governors items from the state's historical collection. Numerous legislators have desks, chairs, tables, bookcases, paintings, and other historical items which they use and display in their offices. The bill would protect these historical items on loan to legislators and the governor from subsequent purchase by those officeholders, thus allowing more of the items from the state historical collections to be put on public display, and preventing the loss of possibly valuable articles.

For:

By deleting the requirement that the sale of office furnishings and other equipment to former governors and former legislators be based on replacement value (as determined by the Department of State), the bill would eliminate an apparent conflict with other language specifying that this property is to be sold at fair market value.

Against:

It is understandable that some legislators or governors might want, for sentimental reasons, to buy from the state certain of their office furnishings, such as their desks or chairs, and this should be allowed. However, state legislators and governors also are furnished with equipment (such as computers and dictaphones) that would be very expensive to replace should the state have to sell it to former legislators or former governors at fair market value, since the fair market value of used equipment is usually considerably less than the price of such equipment when new. Perhaps the provisions of the act should apply only to office furnishings and not to "other equipment."

Response: The act is merely permissive, not mandatory, with regard to the sale of office furnishings and other equipment to former legislators and former governors. That is, the Department of Management and Budget may, but is not required to, sell office furnishings and other equipment to former legislators and former governors, so the department could decide not to sell certain equipment if it so chose.

Against:

Since the replacement cost of office furnishings and equipment is so much higher than the "fair market value" of used furnishings and equipment, the Department of Management and Budget should be required to base such sales on replacement costs rather than fair market values.

Response: Not only is replacement value difficult to ascertain, it is several times higher than fair market value. Because of inflation in prices and depreciation of furnishings, a sale based on replacement value could result in the sale of used property at a rate much higher than the original cost of the property. A sale based on fair market value, however, would be both easier to administer and closer to the actual worth of the property being sold.

POSITIONS:

The Department of Management and Budget supports the bill. (11-7-88) A representative from the Department of State testified in support of the bill. (11-8-89)