



NATIONAL ASSOCIATION OF STATE AGENCIES FOR SURPLUS PROPERTY

SCOTT E. PEPPERMAN, PRESIDENT
2221 FORSTER STREET, PO BOX 1365, HARRISBURG, PENNSYLVANIA 17105
PHONE: 717-787-9725 EXT. 3205 FAX: 717-772-2491

August 11, 2003

Ms. Deidre Huber, Director
Property Management Division (FBP)
General Services Administration
Federal Supply Service
1941 Jefferson Davis Highway, Room 804
Arlington, Virginia 22202

Dear Ms. Huber:

For the past nine years, the 56 member state agencies of NASASP have endeavored to comply with the GSA memorandum regarding single audit act property valuation. At the time of the memorandum's issuance, we protested the market basket survey and the designated fair market value of surplus property at 23.3% of the property's original acquisition cost.

The establishment of this standard was handed down at the 1994 NASASP Summer Conference in Hershey, Pennsylvania. At that meeting, Les Gray of GSA promised to review this figure in five years, FY 1998. To date, there has been no further review that NASASP is aware of and so we have been conducting our own research into the Single Audit Act.

During this research, we have found that Title 31, Subtitle V, Chapter 65 of the US Code outlines the terms and condition of grants and loans provided by the federal government. Interestingly enough, Section 6501, Definitions, provides the following: "(4)(C) 'grant' does not include – (i) shared revenue; (ii) payment of taxes; (iii) payment instead of taxes; (iv) a loan or repayable advance; (v) **surplus property or surplus agricultural commodities provided as surplus property;**"

Given the fact that the US Code clearly states that surplus property is not considered grant-in-aid, the Single Audit Act does not appear to apply to the federal donation program as administered by the State Agencies for Surplus Property.

Therefore, we respectfully request that you rescind your regulations regarding single audit act property valuation or render a legal opinion to NASASP's Counsel as to why your memorandum would still apply to the property donated under the Federal Surplus Property Program.

Thank you for your cooperation in this matter.

Pro Bono Publico,

Scott E. Pepperman, President
NASASP