



## Legislation Text

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**File #:** 17-1538, **Version:** 1

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**TO:** Honorable Mayor & Members of the North Port Commission

**FROM:** Peter D. Lear, CPA, CGMA, City Manager

**TITLE:** Review the City's donation procedures of surplus items to 501(c) organizations.

### **Recommended Action**

Review of the City's donation procedures of surplus items to 501(c) organizations. Designate the City Manager as the authorized individual to approve donation of surplus items to 501(c) organizations with an original purchase value less than the threshold limit set forth in City Code Section 2-419.

### **Background Information**

On April 25, 2017, the Commission directed staff to bring back procedures for the donation of surplus items to non-profit organizations.

City Code Section 2-419(d)(3) provides for the donation of surplus items determined to have no useful purpose for the city yet, still contain some intrinsic value, to a non-profit agency or governmental agency.

Although 501(c)(3) organizations are the most widely known non-profit organizations, consideration may want to be given to other 501(c) organizations. Civic Leagues, Social Welfare Organizations, and Local Associations of Employees are designated as 501(c)(4). This designation is the most popular exemption after 501(c)(3), and is one of the most controversial exemptions because 501(c)(4) organizations can lobby for legislation. However, not all 501(c)(4) exempt groups lobby. Volunteer fire stations, rotary clubs, and Kiwanis all qualify for 501(c)(4) exemptions and are largely apolitical. Business Leagues such as the Chamber of Commerce are designated as non-profit under 501(c)(6).

Internal Revenue Service Publication 557 is attached to provide more information on types of 501(c) organizations.

The procedures presented provide an equitable mechanism to offer non-profit organizations surplus items deemed unusable, unwanted by other departments, or for public reuse. Any item that may be of value to another non-profit agency may be donated. Examples include computers and data storage devices, other electronic devices (e.g., TVs, cameras, telephones, paper shredders, typewriters, etc.), furniture and miscellaneous durable office supplies (e.g. desk top organizers, literature holders, file bookends, etc.).

Donation requests will be considered based upon the criteria outlined in the procedures submitted for review.

Non-profit organizations may be able to sell donated items, but the tax laws regulating those sales are very restrictive and usually have tax implications to the non-profit seller.

### **Strategic Plan**

Financially Responsible City Providing Quality Municipal Services

### **Financial Impact**

N/A

**Procurement**

N/A

**Attachments:**

1. Donation of Surplus Items Procedures
2. Donation Request Form
3. Internal Revenue Service Publication 557

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