

# BusinessWeek

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## In need of cash, states auction goods online

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### ALBANY, N.Y.

Alaska Gov. Sarah Palin isn't the only government official hawking goods online. With the economy continuing to tumble, more state and local governments are using the Web to clear out inventory and bolster deflated budgets.

Need a desk? An airplane? How about an armored personnel carrier? Items like these and others are now just a click away for the highest bidder.

Joseph Hamrick, a 59-year-old construction worker from Goose Creek, S.C., got hooked on one such Web site, GovDeals.com, about five months ago. Since then, he's gotten good deals on a 1999 Dodge truck in great condition, 36 bicycles and more than 2,000 brand-new T-shirts, among other things -- much of which he gives away to charity and co-workers.

Terry McCorkle, owner of McCorkle Sales in Claxton, Ga., resells the heavy construction equipment, trucks and trailers that he purchases from GovDeals.

For states, it's an easy way to unload assets and bring in extra revenue.

New York has brought in about \$658,000 in online surplus sales through eBay during the 2008-09 fiscal year that will end March 31. The state is selling things like lab supplies, scrap metal and a lot of World War II steel helmets. Like most other states, New York also holds traditional auctions off-line for vehicles and equipment and had brought in \$3.5 million by the end of October.

In South Carolina, Charleston County officials sold their police airplane, old police cars and other types of equipment through GovDeals, paying a lower commission and reaching a wider customer base than traditional auctions offer.

GovDeals exclusively peddles government goods of all kinds, even airplanes, like the one Palin auctioned off on eBay and spoke about on the campaign trail.

Other unusual state government assets for sale online include:

- A pair of size 7 high-heeled, knee-high "pleaser" boots confiscated in Ohio with bids starting at \$15.
- DuPage County, Ill., is auctioning a framed, autographed Sammy Sosa Cubs jersey for a minimum bid of \$156.77.
- The school board in Auburn, Ala., is selling two deep fryers with minimum bids of \$515 and \$321.

"We were looking for a more efficient way to sell surplus property, and the actual benefit is we're making an extraordinary amount of money doing it," said Scott Bartley, an accountant in the Charleston County

comptroller's office.

GovDeals uses software to validate buyer identities and contact information, and runs checks against its own internal database to ensure no one had problems with a buyer of the same, or similar name and address. GovDeals' parent company also owns the Web site GovLiquidation.com, which sells surplus and scrap metal from the U.S. Department of Defense. That site has a multiple-stage vetting and identification process before buyers are approved. Some buyers have to complete certificates describing the buyer's business and how they will use the item.

The economic downturn has been a boon for government auction sites.

GovDeals has added 12 full time employees -- a 40 percent increase -- in the past two quarters. Another Web site, bid4assets.com has seen a 30 percent increase in government auction listings this November compared to the same month last year.

Jenny Lynch, a spokeswoman for bid4assets, said the company is preparing for a large influx of government sales in January, when many governments start drafting budgets for the next year.

Charleston County, South Carolina, used to sell at local auctions but only brought in a fraction of what it gets now. More customers online means higher bids and sales, and cuts the costs of owning property. Before going online, the county averaged about \$250,000 annually in revenues from auction sales. Now that average is about \$850,000 a year, Bartley said.

Between July and November this year -- the only data available -- state and local government surplus sales through online auctions fluctuated up and down 30 percent, but are currently about 25 percent higher than they were in July, according to governmentauctions.org, an industry group.

While buyers are attracted by the low prices, they make bids for different reasons.

McCorkle has bought nearly 90 different assets from GovDeals for resale because he considers the site easy-to-use and trustworthy. "Most of the time they don't misrepresent it when it's a county and government entity," McCorkle said.

Hamrick, meantime, plans to donate most of the bicycles he bought to the Marine Corp. for Christmas, and he shared the cotton shirts with his fellow construction workers.

His wife, who is from Valencia, Spain, wasn't convinced of his new hobby until he brought home a "huge" painting of the Spanish Armada. "She didn't really think much of it until we got the picture -- and she loved it," Hamrick said.

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