Part 45 - Government Property

45.000 Scope of part.

Subpart 45.1 - General

45.101 Definitions.

45.102 Policy.

45.103 General.

45.104 Responsibility and liability for Government property.

45.105 Contractors’ property management system compliance.

45.106 Transferring accountability.

45.107 Contract clauses.

Subpart 45.2 - Solicitation and Evaluation Procedures

45.201 Solicitation.

45.202 Evaluation procedures.

Subpart 45.3 - Authorizing the Use and Rental of Government Property

45.301 Use and rental.

45.302 Contracts with foreign governments or international organizations.

45.303 Use of Government property on independent research and development programs.

Subpart 45.4 - Title to Government Property

45.401 Title to Government-furnished property.

45.402 Title to contractor-acquired property.

Subpart 45.5 - Support Government Property Administration

45.501 Prime contractor alternate locations.

45.502 Subcontractor and alternate prime contractor locations.

45.503 Support property administrator findings.

Subpart 45.6 - Reporting, Reutilization, and Disposal

45.600 Scope of subpart.

45.601 [Reserved]

45.602 Reutilization of Government property.

45.602-1 Inventory disposal schedules.

45.602-2 Reutilization priorities.

45.602-3 Screening.

45.602-4 Interagency property transfer costs.

45.603 Abandonment or destruction of personal property.

45.604 Sale of surplus personal property.

45.604-1 Sales procedures.

45.604-2 Use of GSA sponsored sales centers.

45.604-3 Proceeds from sales of surplus property.

45.604-4 Sale of property pursuant to the exchange/sale authority.

45.605 Inventory disposal reports.

45.606 Contractor scrap procedures.

Parent topic: Federal Acquisition Regulation

45.000 Scope of part.

(a) This part prescribes policies and procedures for providing Government property to contractors; contractors' management and use of Government property; and reporting, redistributing, and disposing of contractor inventory.

(b) It does not apply to-

(1) Government property provided under any statutory leasing authority, except as to non-Government use of property under 45.301(f);

(2) Property to which the Government has acquired a lien or title solely because of partial, advance, progress, or performance based payments;

(3) Disposal of real property;

(4) Software and intellectual property; or

(5) Government property that is incidental to the place of performance, when the contract requires contractor personnel to be located on a Government site or installation, and when the property used by the contractor within the location remains accountable to the Government. Items considered to be incidental to the place of performance include, for example, office space, desks, chairs, telephones, computers, and fax machines.

Subpart 45.1 - General

45.101 Definitions.

As used in this part-

Cannibalize means to remove parts from *Government property* for use or for installation on other *Government property*.

Contractor-acquired property means *property* acquired, fabricated, or otherwise provided by the contractor for performing a contract and to which the Government has title.

Contractor inventory means-

(1) Any *property* acquired by and in the possession of a contractor or subcontractor under a contract for which title is vested in the Government and which exceeds the amounts needed to complete full performance under the entire contract;

(2) Any *property* that the Government is obligated or has the *option* to take over under any type of contract, *e.g.*, as a result either of any changes in the specifications or plans thereunder or of the termination of the contract (or subcontract thereunder), before completion of the work, for the convenience or at the *option* of the Government; and

(3) *Government-furnished property* that exceeds the amounts needed to complete full performance under the entire contract.

Contractor's managerial personnel means the contractor's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of-

(1) All or substantially all of the contractor's business;

(2) All or substantially all of the contractor's operation at any one plant or separate location; or

(3) A separate and complete major industrial operation.

Demilitarization means rendering a product unusable for, and not restorable to, the purpose for which it was designed or is customarily used.

Discrepancies incident to shipment means any differences (*e.g.*, count or condition) between the items documented to have been shipped and items actually received.

Equipment means a tangible item that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. *Equipment* is not intended for sale, and does not ordinarily lose its identity or become a *component* part of another article when put into use. *Equipment* does not include *material*, *real property*, *special test equipment* or *special tooling*.

Government-furnished property means *property* in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. *Government-furnished property* includes, but is not limited to, spares and *property* furnished for repair, maintenance, overhaul, or modification. *Government-furnished property* also includes *contractor-acquired property* if the *contractor-acquired property* is a deliverable under a cost

contract when accepted by the Government for continued use under the contract.

Government property means all *property* owned or leased by the Government. *Government property* includes both *Government-furnished property* and *contractor-acquired property*. *Government property* includes *material*, *equipment*, *special tooling*, *special test equipment*, and *real property*. *Government property* does not include intellectual *property* and software.

Loss of Government property means unintended, unforeseen or accidental loss, damage, or destruction of *Government property* that reduces the Government's expected economic benefits of the *property*. *Loss of Government property* does not include occurrences such as purposeful destructive testing, obsolescence, normal wear and tear, or manufacturing defects. *Loss of Government property* includes, but is not limited to-

(1) Items that cannot be found after a reasonable search;

(2) Theft;

(3) Damage resulting in unexpected harm to *property* requiring repair to restore the item to usable condition; or

(4) Destruction resulting from incidents that render the item useless for its intended purpose or beyond economical repair.

Material means *property* that *may* be consumed or expended during the performance of a contract, *component* parts of a higher assembly, or items that lose their individual identity through incorporation into an end-item. *Material* does not include *equipment*, *special tooling*, *special test equipment* or *real property*.

Nonseverable means *property* that cannot be removed after *construction* or installation without substantial loss of value or damage to the installed *property* or to the premises where installed.

Precious metals means silver, gold, platinum, palladium, iridium, osmium, rhodium, and ruthenium.

Production scrap means unusable *material* resulting from production, engineering, operations and maintenance, repair, and research and development contract activities. Production *scrap may* have value when re-melted or reprocessed, *e.g.*, textile and metal clippings, borings, and faulty castings and forgings.

Property means all tangible *property*, both real and personal.

Property Administrator means an authorized representative of the *contracting officer* appointed in accordance with agency procedures, responsible for administering the contract requirements and obligations relating to *Government property* in the possession of a contractor.

Property records means the records created and maintained by the contractor in support of its stewardship responsibilities for the management of *Government property*.

Provide means to furnish, as in *Government-furnished property*, or to acquire, as in *contractor-acquired property*.

Real property See Federal Management Regulation 102-71.20 (41 CFR 102-71.20).

Sensitive property means *property* potentially dangerous to the public safety or security if stolen,

lost, or misplaced, or that *shall* be subject to exceptional physical security, protection, control, and accountability. Examples include weapons, ammunition, explosives, controlled substances, radioactive *materials*, hazardous *materials* or wastes, or *precious metals*.

Unit acquisition cost means-

(1) For *Government-furnished property*, the dollar value assigned by the Government and identified in the contract; and

(2) For *contractor-acquired property*, the cost derived from the contractor's records that reflect consistently applied generally accepted accounting principles.

45.102 Policy.

(a) Contractors are ordinarily required to furnish all *property* necessary to perform Government contracts.

(b) *Contracting officers shall provide property* to contractors only when it is clearly demonstrated-

(1) To be in the Government's best interest;

(2) That the overall benefit to the *acquisition* significantly outweighs the increased cost of administration, including ultimate *property* disposal;

(3) That providing the *property* does not substantially increase the Government's assumption of risk; and

(4) That Government requirements cannot otherwise be met.

(c) The contractor's inability or unwillingness to supply its own resources is not sufficient reason for the furnishing or *acquisition* of *property*.

(d) "Exception". *Property* provided under contracts for repair, maintenance, overhaul, or modification is not subject to the requirements of paragraph (b) of this section.

(e) *Government property*, other than foundations and similar improvements necessary for installing *special tooling*, *special test equipment*, or *equipment*, *shall* not be installed or constructed on contractor-owned *real property* in such fashion as to become *nonseverable*, unless the *head of the contracting activity* determines that such installation or *construction* is necessary and in the Government's interest.

45.103 General.

(a) Agencies *shall*-

(1) Allow and encourage contractors to use voluntary consensus standards (see FAR 11.101(b)) and industry-leading practices and standards to manage *Government property* in their possession;

(2) Eliminate to the maximum practical extent any competitive advantage a prospective contractor *may* have by using *Government property*;

(3) Ensure maximum practical reutilization of *contractor inventory* for government purposes;

(4) Require contractors to use *Government property* already in their possession to the maximum extent practical in performing Government contracts;

(5) Charge appropriate rentals when the *property* is authorized for use on other than a rent-free basis; and

(6) Require contractors to justify retaining *Government property* not needed for contract performance and to declare *property* as excess when no longer needed for contract performance.

(b) Agencies will not generally require contractors to establish *property* management systems that are separate from a contractor's established procedures, practices, and systems used to account for and manage contractor-owned *property*.

45.104 Responsibility and liability for Government property.

(a) Generally, contractors are not held liable for *loss of Government property* under the following types of contracts:

(1) Cost-reimbursement contracts.

(2) Time-and-*material* contracts.

(3) Labor-hour contracts.

(4) Fixed-price contracts awarded on the basis of submission of *certified cost or pricing data*.

(b) The *contracting officer may* revoke the Government's assumption of risk when the *property administrator* determines that the contractor's *property* management practices are noncompliant with contract requirements.

(c) A prime contractor that *provides Government property* to a subcontractor *shall* not be relieved of any responsibility to the Government that the prime contractor *may* have under the terms of the prime contract.

(d) With respect to *loss of Government property*, the *contracting officer*, in consultation with the *property administrator*, *shall* determine-

(1) The extent, if any, of contractor liability based upon the amount of damages corresponding to the associated *property* loss; and

(2) The appropriate form and method of Government recovery (*may* include repair, replacement, or other restitution).

(e) Any monies received as financial restitution *shall* be credited to the Treasury of the *United States* as miscellaneous receipts, unless otherwise authorized by statute (31 U.S.C. 3302(b)).

45.105 Contractors' property management system compliance.

(a) The agency responsible for contract administration *shall* conduct an analysis of the contractor's *property* management policies, procedures, practices, and systems. This analysis *shall* be accomplished as frequently as conditions warrant, in accordance with agency procedures.

(b) The *property administrator shall* notify the contractor *in writing* when the contractor's *property* management system does not comply with contractual requirements, *shall* request prompt correction of deficiencies, and *shall* request from the contractor a corrective action plan, including a schedule for correction of the deficiencies. If the contractor does not correct the deficiencies in accordance with the schedule, the *contracting officer shall* notify the contractor, *in writing*, that failure to take the required corrective action(s) *may* result in-

(1) Revocation of the Government's assumption of risk for *loss of Government property*; and/or

(2) The exercise of other rights or remedies available to the *contracting officer*.

(c) If the contractor fails to take the required corrective action(s) in response to the notification provided by the *contracting officer* in accordance with paragraph (b) of this section, the *contracting officer shall* notify the contractor *in writing* of any Government decision to apply the remedies described in paragraphs (b)(1) and (b)(2) of this section.

(d) When the *property administrator* determines that a reported case of *loss of Government property* is a risk assumed by the Government, the *property administrator shall* notify the contractor *in writing* that it is granted relief of stewardship responsibility and liability in accordance with 52.245-1(f)(1)(vii). Where the *property administrator* determines that the risk of *loss of Government property* is not assumed by the Government, the *property administrator shall* request that the *contracting officer* hold the contractor responsible and liable.

45.106 Transferring accountability.

Government property shall be transferred from one contract to another only when firm requirements exist under the gaining contract (see 45.102). Such transfers *shall* be documented by modifications to both gaining and losing contracts. Once transferred, all *property shall* be considered *Government-furnished property* to the gaining contract. The *warranties* of suitability of use and timely delivery of *Government-furnished property* do not apply to *property* acquired or fabricated by the contractor as *contractor-acquired property* that is subsequently transferred to another contract with the same contractor.

45.107 Contract clauses.

(a)

(1) Except as provided in paragraph (d) of this section, the *contracting officer shall* insert the clause at 52.245-1, *Government Property*, in-

(i) All cost-reimbursement and time-and-*material* type *solicitations* and contracts, and labor-hour *solicitations* when *property* is expected to be furnished for the labor-hour contracts.

(ii) Fixed-price *solicitations* and contracts when the Government will *provide Government property*.

(iii) Contracts or modifications awarded under FAR part 12 procedures where *Government property* that exceeds the *simplified acquisition threshold*, as defined in FAR 2.101, is furnished or where the contractor is directed to acquire *property* for use under the contract that is titled in the Government.

(2) The *contracting officer shall* use the clause with its *Alternate* I in contracts other than those identified in FAR 45.104(a), Responsibility and Liability for *Government Property*.

(3) The *contracting officer shall* use the clause with its *Alternate* II when a contract for the conduct of basic or applied research at nonprofit institutions of higher education or at nonprofit organizations whose primary purpose is the conduct of scientific research (see 35.014) is contemplated.

(b) The *contracting officer shall* also insert the clause at 52.245-2, *Government Property* (Installation Operation Services), in fixed-price service contracts to be performed on a Government installation when *Government-furnished property* will be provided for initial provisioning only and the Government is not responsible for repair or replacement.

(c) The *contracting officer shall* insert the clause at 52.245-9, Use and Charges, in *solicitations* and contracts when the clause at 52.245-1 is included.

(d) *Purchase orders* for *property* repair need not include a *Government property* clause when the *unit acquisition cost* of *Government property* to be repaired does not exceed the *simplified acquisition threshold*, unless other *Government property* (not for repair) is provided.

Subpart 45.2 - Solicitation and Evaluation Procedures

45.201 Solicitation.

(a) The *contracting officer shall* insert a listing of the Government property to be offered in all *solicitations* where Government-furnished property is anticipated (see 45.102). The listing *shall* include at a minimum-

(1) The name, part number and description, manufacturer, model number, and National Stock Number (if needed for additional item identification tracking and management, and disposition);

(2) Quantity/unit of measure;

(3) Unit *acquisition* cost;

(4) Unique-item identifier or equivalent (if available and necessary for individual item tracking and management); and

(5) A statement as to whether the property is to be furnished in an "as-is" condition and instructions for physical *inspection*.

(b) When Government property is offered for use in a competitive *acquisition*, *solicitations should* specify that the contractor is responsible for all costs related to making the property available for use, such as payment of all transportation, installation or rehabilitation costs.

(c) The *solicitation shall* describe the evaluation procedures to be followed, including rental charges

or equivalents and other costs or savings to be evaluated, and *shall* require all *offerors* to submit the following information with their *offers*-

(1) A list or description of all Government property that the *offeror* or its subcontractors propose to use on a rent-free basis. The list *shall* identify the accountable contract under which the property is held and the authorization for its use (from the *contracting officer* having cognizance of the property);

(2) The dates during which the property will be available for use (including the first, last, and all intervening months) and, for any property that will be used concurrently in performing two or more contracts, the amounts of the respective uses in sufficient detail to support prorating the rent;

(3) The amount of rent that would otherwise be charged in accordance with FAR 52.245-9, Use and Charges; and

(4) A description of the *offeror*'s property management system, plan, and any customary commercial practices, voluntary consensus standards, or industry-leading practices and standards to be used by the *offeror* in managing Government property.

(d) Any additional instructions to the contractor regarding property management, accountability, and use, not addressed in FAR clause 52.245-1, Government Property, *should* be specifically addressed in the statement of work on the contract providing property or in a special provision.

45.202 Evaluation procedures.

(a) The *contracting officer shall* consider any potentially unfair competitive advantage that *may* result from an *offeror* or contractor possessing Government property. This *shall* be done by adjusting the *offers* by applying, for evaluation purposes only, a rental equivalent evaluation factor as specified in FAR 52.245-9.

(b) The *contracting officer shall* ensure the *offeror*'s property management plans, methods, practices, or procedures for accounting for property are consistent with the requirements of the *solicitation*.

Subpart 45.3 - Authorizing the Use and Rental of Government Property

45.301 Use and rental.

This subpart prescribes policies and procedures for contractor use and rental of Government property.

(a) Government property *shall* normally be provided on a rent-free basis in performance of the contract under which it is accountable or otherwise authorized.

(b) Rental charges, to the extent authorized do not apply to Government property that is left in place or installed on contractor-owned property for mobilization or future Government production purposes; however, rental charges *shall* apply to that portion of property or its capacity used for non-government commercial purposes or otherwise authorized for use.

(c) The *contracting officer* cognizant of the Government property *may* authorize the rent-free use of property in the possession of nonprofit organizations when used for research, development, or educational work and-

(1) The use of the property is in the national interest;

(2) The property will not be used for the direct benefit of a profit-making organization; and

(3) The Government receives some direct benefit, such as rights to use the results of the work without charge, from its use.

(d) In exchange for consideration as determined by the cognizant *contracting officer*(s), the contractor *may* use Government property under fixed-price contracts other than the contract to which it is accountable. When, after contract award, a contractor requests the use of Government property, the *contracting officer shall* obtain a fair rental or other adequate consideration if use is authorized.

(e) The cognizant *contracting officer*(s) *may* authorize the use of Government property on a rent-free basis on a cost type Government contract other than the contract to which it is accountable.

(f) In exchange for consideration as determined by the cognizant *contracting officer*, the contractor *may* use Government property for commercial use. Prior approval of the *Head of the Contracting Activity* is required where non-Government use is expected to exceed 25 percent of the total use of Government and commercial work performed.

45.302 Contracts with foreign governments or international organizations.

Requests by, or for the benefit of, foreign Governments or international organizations to use Government property *shall* be processed in accordance with agency procedures.

45.303 Use of Government property on independent research and development programs.

The *contracting officer may* authorize a contractor to use the property on an independent research and development (IR&D) program, if-

(a) Such use will not conflict with the primary use of the property or enable the contractor to retain property that could otherwise be released;

(b) The contractor agrees not to *claim* reimbursement against any Government contract for the rental value of the property; and

(c) A rental charge for the portion of the contractor’s IR&D program cost allocated to commercial work is deducted from the *claim* for reimbursement of any agreed-upon Government share of the contractor’s IR&D costs.

Subpart 45.4 - Title to Government Property

45.401 Title to Government-furnished property.

The Government retains title to all Government-furnished property until properly disposed of, as authorized by law or regulation. Property that is leased by the Government and subsequently furnished to the contractor for use *shall* be considered Government-furnished property under the clause 52.245-1, Government Property.

45.402 Title to contractor-acquired property.

(a) Title vests in the Government for all property acquired or fabricated by the contractor in accordance with the financing provisions or other specific requirements for passage of title in the contract. Under fixed-price type contracts, in the absence of financing provisions or other specific requirements for passage of title in the contract, the contractor retains title to all property acquired by the contractor for use on the contract, except for property identified as a deliverable end item. If a deliverable item is to be retained by the contractor for use after *inspection* and acceptance by the Government, it *shall* be made accountable to the contract through a *contract modification* listing the item as Government-furnished property.

(b) Under cost type and time-and-material contracts, the Government acquires title to all property to which the contractor is entitled to reimbursement, in accordance with paragraph (e)(3) of clause 52.245-1.

Subpart 45.5 - Support Government Property Administration

45.501 Prime contractor alternate locations.

The property administrator assigned to the prime contract *may* request support property administration from another *contract administration office*, for purposes of evaluating prime contractor management of property located at subcontractors and *alternate* locations.

45.502 Subcontractor and alternate prime contractor locations.

(a) To ensure subcontractor compliance with Government property administration requirements, and with prime contractor consent, the property administrator assigned to the prime contract *may* request support property administration from another *contract administration office*. If the prime contractor does not provide consent to support property administration at subcontractor locations, the property administrator *shall* refer the matter to the *contracting officer* for resolution.

(b) The prime property administrator *shall* accept the findings of the delegated support property administrator and advise the prime contractor of the results of property management reviews, including deficiencies found with the subcontractor’s property management system.

(c) Prime contractor consent is not required for support delegations involving prime contractor *alternate* locations.

45.503 Support property administrator findings.

In instances where the prime contractor does not concur with the findings of the support Property Administrator, the prime property administrator *shall* immediately refer the matter to the *contracting officer*.

Subpart 45.6 - Reporting, Reutilization, and Disposal

45.600 Scope of subpart.

This subpart establishes policies and procedures for the reporting, reutilization, and disposal of contractor inventory excess to contracts and of property that forms the basis of a *claim* against the Government (*e.g.*, *termination inventory* under fixed-price contracts). This subpart does not apply to the disposal of real property or to property for which the Government has a lien or title solely as a result of advance, progress, or performance-based payments that have been liquidated.

45.601 [Reserved]

45.602 Reutilization of Government property.

This section is applicable to the reutilization, including transfer and donation, of Government property that is not required for continued performance of a Government contract. Except for 45.602-1, this section does not apply to *scrap* other than *scrap* aircraft parts.

45.602-1 Inventory disposal schedules.

(a) *Plant clearance officers should* review and accept, or return for correction, inventory disposal schedules within 10 days following receipt from a contractor. Schedules that are completed in accordance with the instructions for Standard Form 1428 *should* be accepted.

(b) *Plant clearance officers shall-*

(1) Use Standard Form 1423 to verify, in accordance with agency procedures, accepted schedules within 20 days following acceptance;

(2) Require the contractor to correct any discrepancies found during verification;

(3) Require the contractor to correct any failure to complete predisposal requirements of the contract; and

(4) Provide the contractor disposition instructions for property identified on an acceptable inventory

disposal schedule within 120 days. A failure to provide timely disposition instructions *may* entitle the contractor to an equitable adjustment.

(c) The contractor *may* request the *plant clearance officer*'s approval to remove the Government property from an inventory schedule.

(1) *Plant clearance officers should* approve removal of Government property from an inventory schedule when-

(i) The contractor wishes to purchase a contractor-acquired or contractor-produced item at unit *acquisition* cost and credit the contract;

(ii) The contractor is able to return unused property to the supplier at fair market value and credit the contract (less, if applicable, a reasonable restocking fee that is consistent with the supplier's customary practices);

(iii) The Government has authorized the contractor to use the property on another Government contract; or

(iv) The contractor has requested continued use of the Government property, and the *contracting officer* has authorized its retention and further use.

(2) If the screening process (see 45.602-3) has not begun, the *plant clearance officer shall* adjust the schedule or return the schedule to the contractor for correction. If screening has begun, the *plant clearance officer shall* promptly notify the activity performing the screening that the items *should* be removed from the screening process.

45.602-2 Reutilization priorities.

Plant clearance officers shall initiate reutilization actions for all property not meeting the abandonment or destruction criteria of 45.603(b). Authorized methods, listed in descending order from highest to lowest priority, are-

(a) Reuse within the owning agency;

(b) Transfer of educationally useful equipment to schools and nonprofit organizations (see Executive Order 12999, Educational Technology: Ensuring Opportunity For All Children In The Next Century, April 17, 1996, and 15 U.S.C. 3710(i));

(c) Report to GSA for reuse within the Federal Government or donation as *surplus property*;

(d) Dispose of the following property in accordance with agency procedures without reporting to GSA:

(1) Property determined appropriate for abandonment or destruction (see Federal Management Regulation (FMR) 102-36.305, 41 CFR 102-36.305).

(2) Property furnished to nonappropriated fund activities (see FMR 102-36.165, 41 CFR 102-36.165).

(3) Foreign *excess personal property* (see FMR 102-36.380, 41 CFR 102-36.380).

(4) *Scrap*, except aircraft in *scrap* condition.

(5) Perishables, defined for the purposes of this section as any *personal property* subject to spoilage or decay.

(6) Trading stamps and bonus goods.

(7) Hazardous waste or toxic and hazardous materials.

(8) Controlled substances.

(9) Property dangerous to public health and safety.

(10) Classified items or property determined to be sensitive for reasons of national security; and

(e) Dispose of nuclear materials (see 45.603-3(b)(5)) in accordance with the Nuclear Regulatory Commission, applicable state licenses, applicable Federal regulations, and agency regulations.

45.602-3 Screening.

The screening period begins upon the *plant clearance officer*'s acceptance of an inventory disposal schedule. The *plant clearance officer shall* determine whether standard or special screening is appropriate and initiate screening actions.

(a) *Standard screening*. The standard screening period is 46 days.

(1) *First through twentieth day-Screening by the contracting agency*. The *contracting* agency has 20 days to screen property reported on the inventory disposal schedule for: other use within the agency; transfer of educationally useful equipment to other *Federal agencies* that have expressed a need for the property; and transfer of educationally useful equipment to schools and nonprofit organizations if a *Federal agency* has not expressed a need for the property. *Excess personal property*, meeting the conditions of 45.603, *may* be abandoned, destroyed, or donated to public bodies. No later than the 21st *day*, the *plant clearance officer shall* submit four copies of the revised schedules and Standard Form (SF) 120, Report of *Excess Personal Property*, or an electronic equivalent to GSA (see 41 CFR 102-36.215).

(2) Twenty-first through forty-sixth *day* (21 days concurrent screening plus 5 days donation processing).-

(i) *Screening by other Federal agencies*. GSA will normally honor requests for transfers of property on a first-come-first-served basis through the 41st *day*. When a request is honored, the GSA regional office *shall* promptly transmit to the *plant clearance officer* an approved transfer order that includes shipping instructions.

(ii) *Screening for possible donation*. Screening for donation is also completed during days 21 through 41. Property is not available for allocation to donees until after the completion of screening. Days 42 through 46 are reserved for GSA to make such allocation.

(3) *Screening period transfer request*. If an agency receives an intra-agency transfer request during the screening periods described in paragraph (a)(2) of this section, the *plant clearance officer shall* request GSA approval to withdraw the item from the inventory disposal schedule.

(b) Special screening requirements.-

(1) *Special tooling and special test equipment without commercial components*. Agencies *shall* follow the procedures in paragraph (a) of this section. This property owned by the Department of Defense (DoD) or the National Aeronautics and Space Administration (NASA) *may* be screened for reutilization only within these agencies.

(2) *Special test equipment* with *commercial components*.-

(i) Agencies *shall* complete the screening required by paragraph (a) of this section. If an agency has no further need for the property and the contractor has not expressed an interest in using or acquiring the property by annotating the inventory disposal schedule, the *plant clearance officer shall* forward the inventory disposal schedule to the GSA regional office that serves the region in which the property is located.

(ii) If the contractor has expressed an interest in using the property on another Government contract, the *plant clearance officer shall* contact the *contracting officer* for that contract. If the *contracting officer* concurs with the proposed use, the *contracting officer* for the contract under which the property is accountable *shall* transfer the property's accountability to that contract. If the *contracting officer* does not concur with the proposed use, the *plant clearance officer shall* deny the contractor's request and *shall* continue the screening process.

(iii) If the property is contractor-acquired or produced, and the contractor or subcontractor has expressed an interest in acquiring the property, and no other party expresses an interest during agency or GSA screening, the property *may* be sold to the contractor or subcontractor at *acquisition* cost.

(3) *Printing equipment*. Agencies *shall* report all excess printing equipment to the Public Printer, Government Publishing Office, 732 North Capitol Street, NW, Washington, DC 20401, after screening within the agency (see 44 U.S.C. 312). If the Public Printer does not express a need for the equipment within 21 days, the agency *shall* submit the report to GSA for further use and donation screening as described in paragraph (a) of this section.

(4) *Non-nuclear hazardous materials, hazardous wastes, and classified items*. These items *shall* be screened in accordance with agency procedures. Report non-nuclear hazardous materials to GSA if the agency has no requirement for them.

(5) *Nuclear materials*. The possession, use, and transfer of certain nuclear materials are subject to the regulatory controls of the Nuclear Regulatory Commission (NRC). *Contracting activities shall* screen excess nuclear materials in the following categories:

(i) *By-product material*. Any radioactive material (except special nuclear material) yielded in or made radioactive by exposure to the radiation incident to producing or using special nuclear material.

(ii) *Source material*. Uranium or thorium, or any combination thereof, in any physical or chemical form; or ores that contain by weight one-twentieth of 1 percent (0.05 percent) or more of uranium, thorium, or any combination thereof. Source material does not include special nuclear material.

(iii) *Special nuclear material*. Plutonium, Uranium 233, Uranium enriched in the isotope 233 or in the isotope 235, any other material that the NRC determines to be special nuclear material (but not including source material); or any material artificially enriched by any nuclear material.

45.602-4 Interagency property transfer costs.

Agencies whose property is transferred to other agencies *shall* not be reimbursed for the property in any manner unless the circumstances of FMR 102-36.285 (41 CFR102-36.285) apply. The agency receiving the property *shall* pay any transportation costs that are not the contractor's responsibility and any costs to pack, crate, or otherwise prepare the property for *shipment*. The *contract administration office shall* process appropriate *contract modifications*. To accelerate plant clearance, the receiving agency *shall* promptly furnish funding data, and transfer or shipping documents to the *contract administration office*.

45.603 Abandonment or destruction of personal property.

(a) When contractor inventory is processed through the reutilization screening process prescribed in 45.602-2 without success, and provided the property has no commercial value, does not require demilitarization, and does not constitute a danger to public health or welfare, *plant clearance officers* or other authorized officials *may* without further approval-

(1) Direct the contractor to destroy the property;

(2) Abandon non-sensitive property at the contractor's or subcontractor's premises; or

(3) Abandon sensitive property at the contractor's or subcontractor's premises, with contractor consent.

(b) Provided a Government reviewing official at least one level higher than the *plant clearance officer* or other agency authorized official approves, *plant clearance officers* or other agency authorized officials *may* authorize the abandonment, or order the destruction of other contractor inventory at the contractor's or subcontractor's premises, in accordance with FMR 102-36.305 through 325 (41 CFR 102-36.305-325) and consistent with the following:

(1) The property is not considered sensitive, does not require demilitarization, has no commercial value or reutilization, transfer or donation potential, and does not constitute a danger to public health or welfare.

(2) The estimated cost of continued care and handling of the property (including advertising, storage and other costs associated with making the sale), exceed the estimated proceeds from its sale.

(c) In lieu of abandonment or its authorized destruction, the *plant clearance officer* or authorized official *may* authorize the donation of property including unsold *surplus property* to public bodies, provided that the property is not sensitive property, does not require demilitarization, and it does not constitute a danger to public health or welfare. The Government will not bear any of the costs incident to such donations.

(d) Unless the property qualifies for one of the exceptions under FMR 102-36.330 (41 CFR 102-36.330), the *plant clearance officer* or requesting official will ensure prior public notice of such actions of abandonment or destruction consistent with FMR 102-36.325 (41 CFR 102-36.325).

45.604 Sale of surplus personal property.

45.604-1 Sales procedures.

Surplus *personal property* that has completed screening in accordance with 45.602-3(a) *shall* be sold in accordance with the policy for the sale of surplus *personal property* contained in the Federal Management Regulation, at part 102-38 (41 CFR part 102-38). Agencies *may* specify implementing procedures.

45.604-2 Use of GSA sponsored sales centers.

Agencies *may* use sales center services. Use of such centers for sale of *surplus property* is authorized when in the best interest of the Government, consistent with contract terms and conditions.

45.604-3 Proceeds from sales of surplus property.

Proceeds of any sale are to be credited to the Treasury of the *United States* as miscellaneous receipts, unless otherwise authorized by statute or the contract or any subcontract thereunder authorizes the proceeds to be credited to the price or cost of the work (40 U.S.C. 571 and 574).

45.604-4 Sale of property pursuant to the exchange/sale authority.

Agencies *should* consider the sale of property pursuant to the exchange/sale authority in FMR 102-39 (41 CFRpart102-39) when agencies are acquiring or plan to acquire similar *products* and other requirements of the authority are satisfied.

45.605 Inventory disposal reports.

The *plant clearance officer shall* promptly prepare an SF1424, Inventory Disposal Report, following disposition of the property identified on an inventory disposal schedule and the crediting of any related proceeds. The report *shall* identify any lost or otherwise unaccounted for property and any changes in quantity or value of the property made by the contractor after submission of the initial inventory disposal schedule. The report *shall* be provided to the administrative *contracting officer* or, for *termination inventory*, to the termination *contracting officer*, with a copy to the property administrator.

45.606 Contractor scrap procedures.

(a) The property administrator *should*, in coordination with the *plant clearance officer*, ensure that contractor *scrap* disposal processes, methods, and practices allow for effective, efficient, and proper disposition and are properly documented in the contractor's property management procedures.

(b) The property administrator *should* determine the extent to which separate disposal processing or physical segregation for different *scrap* types is or *may* be required. Such *scrap may* require physical segregation, unique disposal processing, or separate plant clearance reporting. For

example, the scope of work *may* create *scrap*-

(1) Consisting of sensitive items;

(2) Containing hazardous materials or wastes;

(3) Contaminated with hazardous materials or wastes;

(4) That is classified or otherwise controlled;

(5) Containing precious or strategic metals; or

(6) That is dangerous to public health or safety.

(c) Absent contract terms and conditions to the contrary, the Government *may* abandon parts removed and replaced from property as a result of normal maintenance actions or removed from property as a result of the repair, maintenance, overhaul, or modification process.