



Office of Government-wide Policy

# Exchange / Sale Authority Overview

NASASP Conference 2022

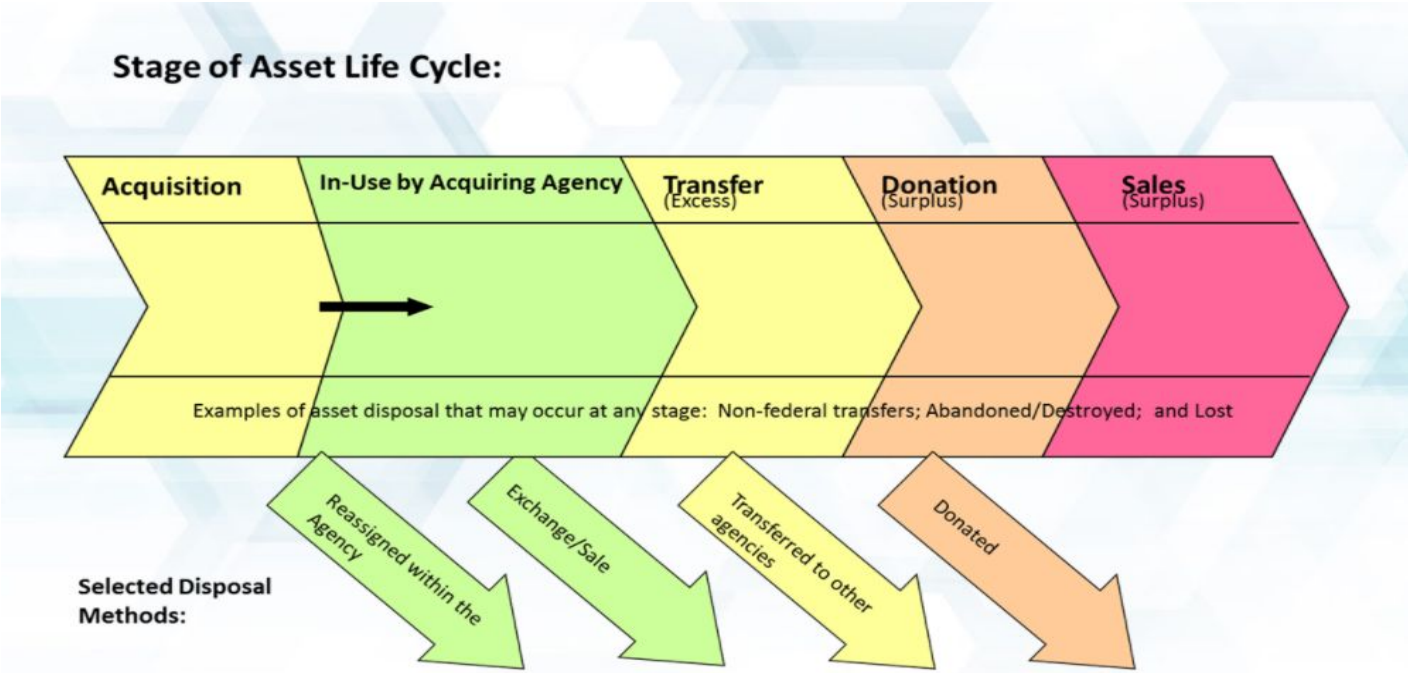
July 20, 2022

# What is the Exchange/Sale Authority?

The Exchange/Sale authority allows the exchange or sale of non-excess, non-surplus personal property and apply the exchange allowance or proceeds of sale in whole or in part payment for the acquisition of similar property



# “Typical” Asset Life Cycle



# Authority and Implementing Regulation

## Authority:

- Title 40 USC Section 503

## Implementing Regulation:

- FMR 102-39, *Replacement of Personal Property Pursuant to the Exchange/Sale Authority*

# Text from 40 USC 503

## Sec. 503. Exchange or sale of similar items

a) **AUTHORITY OF EXECUTIVE AGENCIES.**—In acquiring personal property, an executive agency may exchange or sell similar items and may apply the exchange allowance or proceeds of sale in whole or in part payment for the property acquired.

(b) **APPLICABLE REGULATION AND LAW.**—

(1) **REGULATIONS PRESCRIBED BY ADMINISTRATOR OF GENERAL SERVICES.**—A transaction under subsection (a) must be carried out in accordance with regulations the Administrator of General Services prescribes, subject to regulations prescribed by the Administrator for Federal Procurement Policy under division B (except sections 1704 and 2303) of subtitle I of title 41.

(2) **IN WRITING.**—A transaction under subsection (a) must be evidenced in writing.

(3) **SECTION 6101(b) TO (d) OF TITLE 41.**—Section 6101(b) to (d) of title 41 applies to a sale of property under subsection (a), except that fixed price sales may be conducted in the same manner and subject to the same conditions as are applicable to the sale of property under section 545(d) of this title.

# What is the Exchange/Sale Authority???

This Authority Allows the:

- Exchange
- Sale
- Reimbursable Transfer

of Eligible Personal Property

Proceeds must be used to purchase, rent *or* lease similar item(s)

# Do I Need Legal Office Approval?

It is highly recommended that you seek the advice of your Office of General Counsel prior to conducting an Exchange/Sale transaction. This will protect you and ensure compliance with law

GSA has experience in the Exchange/Sale authority, and ultimately makes the interpretation of 40 USC 503 contained in FMR 102-39.

# What are “*Similar*” Assets?

*Similar*: the acquired item and the replaced item:

1. Are identical;
2. Are designed and constructed for the same purpose;
3. Constitute parts or containers for identical or similar end items; or
4. Fall within a single Federal Supply Classification (FSC) group of property that is eligible for handling under the exchange/sale authority



# Why use the Exchange/Sale Authority?

- To reduce your Agency's cost of replacing personal property
- But remember, you **MUST** use the money or exchange allowance from Exchange/Sale to acquire a "*similar*" item to the item exchanged or sold

## When *not* to use Exchange/Sale Authority?

- Do NOT use Exchange/Sale if the estimated sales proceeds will be unreasonably low
- Can NOT use Exchange/Sale for certain groups of property

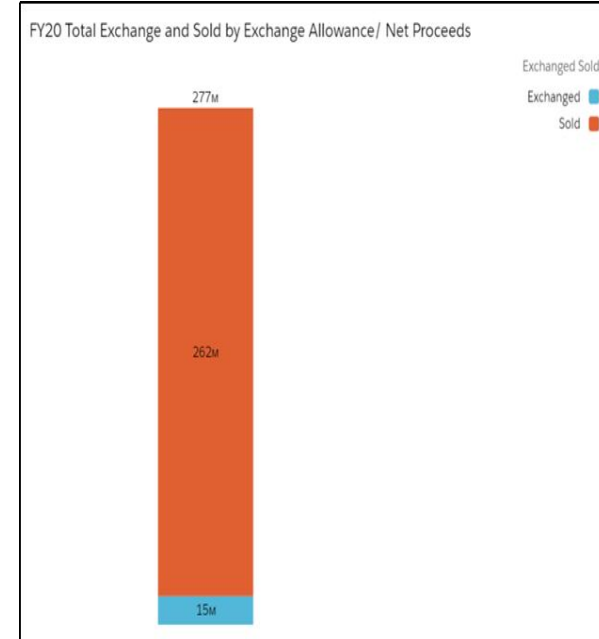
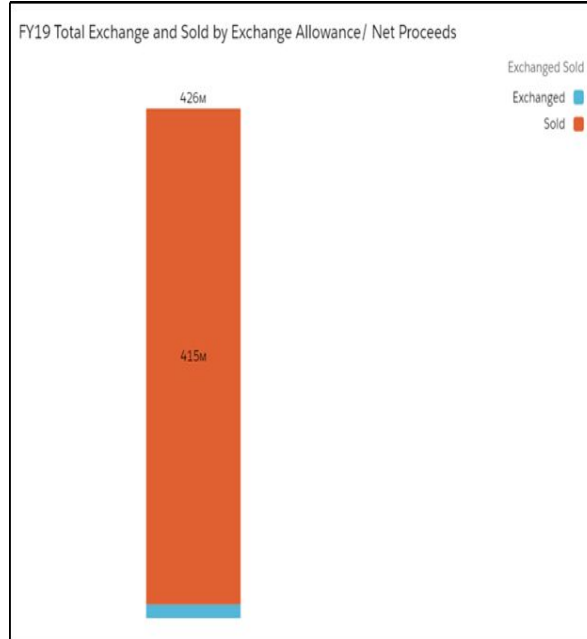
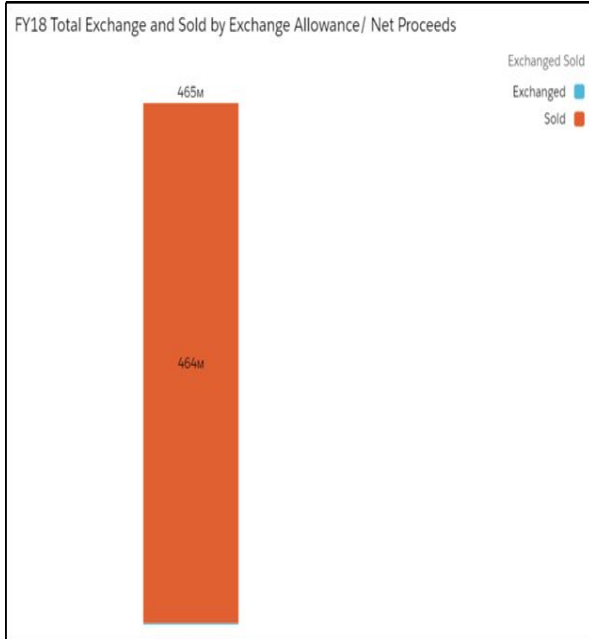
# What is *not* eligible for Exchange/Sale?

The following Federal Supply Class Groups are...

**NOT** to be sold/exchanged *without a waiver* :

- 10 Weapons
- 11 Nuclear ordnance
- 42 Firefighting, rescue eq.
- 44 Nuclear reactors
- 51 Hand tools
- 54 Prefab structures
- 68 Chemicals
- 84 Clothing

# FY18-FY20 Exchange/Sale Data



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