Using the Exchange/Sale Authority

Gary Thompson
OGP/Personal Property Policy

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What Law and Regulations Govern Exchange / Sale

United States Code:

- 40 USC 503 contains the authority

Implementing Regulations:

- FMR 102-39 Replacement of Personal Property Pursuant to the Exchange/Sale Authority
- FMR 102-33 Management of Government Aircraft
Legal Office Approval

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

GSA has much experience in Exchange/Sale and ultimately makes the interpretation of 40 USC 503 contained in FMR 102-39.
What Is Exchange / Sale Authority & How Can I Use It?

This Authority Allows the:
- Exchange
- Sale
- Reimbursable Transfer

of Eligible Personal Property

Proceeds must be used to purchase, rent or lease a REPLACEMENT item(s)

Use Exchange/Sale authority to offset the cost of replacement personal property
Who can use Exchange / Sale?

All Federal Agencies Can Utilize Exchange/Sale Authority
to offset the cost of replacement personal property
Why Use Exchange/Sale

Would you give your car back to the dealer for free when you bought a new car?

...no way

... you’d trade it in or sell it!

The same logic should apply to the purchase of all Government property!

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Replacement Item Should Be “Similar” to the Item Sold or Exchanged

What is “Similar”?

- Identical Item

  OR...

- Item Constructed for the Same Specific Purpose

  OR...

- Both, constitute parts or containers for identical or similar end items

  OR...

- Both Items Fall Within the Same FSG (2-digit).

FMR 102-39.20
What Personal Property is Not Eligible for Exchange/Sale?

Property that is **EXCESS** is not eligible for Exchange/Sale
The following Federal Supply Classes (FSC’s) are... **NOT** to be sold / exchanged *without a waiver*:

| • 10 weapons               | • 51 hand tools                  |
| • 11 nuclear ordnance     | • 54 prefab structures            |
| • 42 firefighting, rescue eq. | • 68 chemicals                 |
| • 44 nuclear reactors     | • 84 clothing                    |
Must the Exchange / Sale be one-for-one?

No Longer. However....

• The items acquired should perform all, or substantially all, of the tasks in which the old items would otherwise be used.

• The items exchanged/sold or acquired can not be excess to current needs.
Applying the Proceeds

The item(s) acquired **performs all or substantially all** of the tasks for which the item(s) exchanged or sold would otherwise be used.

**FMR 102-39.20**
Time Limit for Proceeds

Exchange/Sale proceeds are typically available during the fiscal year in which property is sold and for one additional fiscal year.

Unused proceeds will be lost.

**HOWEVER:**
Per FMR 102-39.25 GSA can grant an extension for valid reasons

FMR 102-39.70
What’s in this for Me?

Save your agency lots of money and become a super hero!

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What’s the Catch?

• Can’t sell or exchange any item from the prohibited FSC list without approved waiver from GSA

• Must acquire “personal property” – **Not Services** – with Exchange/Sale proceeds

• If exchange or sale doesn’t take place within time limit, funds are lost

• Funds need to be accounted for

• Some record keeping required
Remember...

The Exchange / Sale Authority can be used for all eligible personal property. (See FMR 102-39)

If the property requires a waiver, obtain the waiver before proceeding.

Report all Exchange/Sale transactions within 90 calendar days after the close of each fiscal year through the on-line reporting tool.

*Use Exchange/Sale authority to offset the cost of replacement personal property*
Questions?

Where Can I Get Assistance?

Personal Property Policy:
Gary.Thompson@gsa.gov

Robert.Holcombe@gsa.gov
Remember to use Exchange/Sale authority to offset the cost of replacement personal property.