

*Line item*, as used in this subpart, means a single line entry on a reporting form that indicates a quantity of property having the same description and condition code from any one contract at any one reporting location.

*Personal property*, as used in this subpart, means property of any kind or interest in it except real property, records of the Federal Government, and naval vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines.

*Plant clearance*, as used in this subpart, means all actions relating to the screening, redistribution, and disposal of contractor inventory from a contractor's plant or work site. The term *contractor's plant* includes a contractor-operated Government facility.

*Plant clearance officer*, as used in this subpart, means an authorized representative of the contracting officer assigned responsibility for plant clearance.

*Plant clearance period*, as used in this subpart, means the period beginning on the effective date of contract completion or termination and ending 90 days (or such longer period as may be agreed to) after receipt by the contracting officer of acceptable inventory schedules for each property classification. The final phase of the plant clearance period means that period after receipt of acceptable inventory schedules.

*Plant equipment* (see 45.101).

*Precious metals*, as used in this subpart, means uncommon and highly valuable metals characterized by their superior resistance to corrosion and oxidation. Included are silver, gold, and the platinum group metals—platinum, palladium, iridium, osmium, rhodium, and ruthenium.

*Property administrator* (see 45.501).

*Public body* means any State, Territory, or possession of the United States, any political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, any agency or instrumentality of any of the foregoing, any Indian tribe, or any agency of the Federal Government.

*Real property* (see 45.101).

*Reportable property*, as used in this subpart, means contractor inventory that must be reported for screening in

accordance with this subpart before disposition as surplus.

*Reporting activity*, as used in this subpart, means the Government activity that initiates the Standard Form 120, Report of Excess Personal Property (or when acceptable to GSA, by data processing output).

*Salvage* (see 45.501).

*Scrap* (see 45.501).

*Screening completion date*, as used in this subpart, means the date on which all screening required by this subpart is to be completed. It includes screening within the Government and the donation screening period.

*Serviceable or usable property*, as used in this subpart, means property that has a reasonable prospect of use or sale either in its existing form or after minor repairs or alterations.

*Special test equipment* (see 45.101).

*Special tooling* (see 45.101).

*Surplus property*, as used in this subpart, means contractor inventory not required by any Federal agency.

*Surplus Release Date (SRD)*, as used in this subpart, means the date on which screening of personal property for Federal use is completed and the property is not needed for any Federal use. On that date, property becomes surplus and is eligible for donation.

*Termination inventory*, as used in this subpart, means any property purchased, supplied, manufactured, furnished, or otherwise acquired for the performance of a contract subsequently terminated and properly allocable to the terminated portion of the contract. It includes Government-furnished property. It does not include any facilities, material, special test equipment, or special tooling that are subject to a separate contract or to a special contract requirement governing their use or disposition.

*Work-in-process* (see 45.501).

#### **45.602 [Reserved]**

#### **45.603 Disposal methods.**

An agency may exercise its rights to require delivery of any contractor inventory. This includes transfers of Government property to another Government contract. If the agency does not exercise these rights, the contractor inventory shall be disposed of

## Federal Acquisition Regulation

## 45.606-1

by one of the following methods in the priority indicated:

(a) Purchase or retention at cost by prime contractor or subcontractor of contractor-acquired property (see 45.605-1).

(b) Return of contractor-acquired property to suppliers (see 45.605-2).

(c) Use within the Government through the use of prescribed screening procedures (see 45.608).

(d) Donation to eligible donees (see 45.609).

(e) Sale (including purchase or retention at less than cost by the prime contractor or subcontractor)(see 45.610).

(f) Donation to public bodies in lieu of abandonment (see 45.611).

(g) Abandonment or destruction (see 45.611).

[48 FR 42392, Sept. 19, 1983, as amended at 59 FR 67054, Dec. 28, 1994]

### **45.604 Restrictions on purchase or retention of contractor inventory.**

A contractor's or subcontractor's authority to purchase, retain, or dispose of contractor inventory is subject to any contract provisions and to applicable Government restrictions on the disposition of property that is classified for security reasons, possesses military offensive or defensive characteristics, or is dangerous to public health, safety, or welfare.

### **45.605 Contractor-acquired property.**

#### **45.605-1 Purchase or retention at cost.**

(a) The plant clearance officer shall encourage contractors to purchase or retain contractor-acquired property at cost. However, the contractor shall not include any part of the cost of property purchased or retained in any claim for reimbursement against the Government. Under cost-reimbursement contracts, appropriate adjustments shall be made for previously reimbursed costs. When the property is for use on a continuing Government contract or commercial operation, handling and transportation charges may be considered an allowable cost (included in the contractor's settlement proposal as *other costs* in the case of a termination), provided that the charges are reasonable.

(b) If a contractor purchases or retains contractor inventory for use on a continuing Government contract that is subsequently terminated, the property shall be allocated to the continuing contract, even though its purchase would otherwise constitute undue anticipation of production schedules. If, as a result of the purchase or retention of property from a terminated contract for use on other Government contracts, the contractor terminates subcontracts under the other Government contracts, reasonable termination charges of the subcontracts may be included as an allocable cost under the contract that generated the excess property.

#### **45.605-2 Return to suppliers.**

The plant clearance officer shall encourage contractors to return allocable quantities of contractor-acquired property to suppliers for full credit less either the supplier's normal restocking charge or 25 percent of the cost, whichever is less. Contractors may be reimbursed for reasonable transportation, handling, and restocking charges, but not for the cost of the returned property. Under cost-reimbursement contracts, appropriate adjustments shall be made for costs previously reimbursed. A contractor's property control system shall include procedures to ensure property is returned to the supplier for appropriate credit whenever feasible.

[48 FR 42392, Sept. 19, 1983, as amended at 55 FR 25530, June 21, 1990]

#### **45.605-3 Cost-reimbursement contracts.**

Under cost-reimbursement contracts, property purchased or retained by the contractor or returned to suppliers shall not be reported on inventory schedules. The cognizant contract administration office, in coordination with the cognizant auditor, shall periodically review such transactions to protect the Government's interests.

### **45.606 Inventory schedules.**

#### **45.606-1 Submission.**

When property is no longer needed to perform the contract, the contractor shall prepare inventory schedules in