**USE OF EXISTING GOVERNMENT PROPERTY**

1. The bidder, offeror, applicant, or subcontractor (hereinafter offeror) shall state whether, in the performance of the contract, it will require the rent-free use of existing Government-owned production/research property currently in its possession or in the possession of its subcontractors. **HOWEVER, THE OFFEROR SHOULD NOT INCLUDE IN ITS COST OR PRICE PROPOSAL ANY ELEMENT OF COST OR EXPENSE ATTRIBUTABLE TO PAYMENT BY OFFEROR UNDER ANY OTHER CONTRACT OR A USE CHARGE FOR SUCH GOVERNMENT-OWNED PROPERTY**.

Offeror shall submit with its proposal the following:

1. An itemized list or description of all Government property in possession of the offeror and its anticipated subcontractors proposed to be used on a rent-free basis.
2. Identification of the facilities contract or other instrument under which the property is held and the written permission of the Contracting Officer having cognizance of the property for use of that property in the performance of this contract without charge for such use.
3. The amount of use (in months) to be made of such property, and with respect to any such property that will be used concurrently in the performance of two or more contracts, the amounts of the respective users of the property during the period of the contract.
4. The amount of rent which would otherwise be charged for such use, computed in accordance with the procedures outlined in paragraph (b) below.

(b) (1) The amount of rent shall be determined by applying the appropriate rental shown in subparagraph (b)(3) below to the

 acquisition cost of such facilities authorized for use in accordance with paragraph (a)(2) above. Acquisition cost shall be

 determined in accordance with subparagraph (b)(2) below.

 (2) The acquisition cost of the facilities shall be the total cost to the Government, as determined by the Buyer or Buyer’s

 Contracting Officer, and includes the cost of transportation and installation, if borne by the Government.

1. When Government-owned special tooling or accessories are rented with any of the facilities, the acquisition cost of the facilities shall be increased by the total cost to the Government of such tooling or accessories, as determined by the Buyer or Buyer’s Contracting Officer.
2. When any of the facilities are substantially improved at Government expense, the acquisition cost of the facilities shall be increased by the increase in value that the improvement represents, as determined by the Buyer or Buyer’s Contracting Officer.
3. The determinations of the Buyer or Buyer’s Contracting Officer under this subparagraph (b)(2) shall be final.

 (3) The rental rates shall be as follows:

1. For real property and associated fixtures, a fair and reasonable rental shall be established, based on sound commercial practice.
2. For plant equipment of the types covered in Federal Supply Classes 3405, 3408, 3410, and 3411 through 3419, machine tools; and in 3441 through 3449, secondary metal forming and cutting machines, the following monthly rates shall apply:

|  |  |
| --- | --- |
| **Age of Equipment** | **Monthly Rental Rate** |
| Under 2 years old | 3.0 percent |
| Over 2 to 3 years old | 2.0 percent |
| Over 3 to 6 years old | 1.5 percent |
| Over 6 to 10 years old | 1.0 percent |
| Over 10 years old | 0.75 percent |
|  |  |

The age of each item of the equipment shall be based on the year in which it was manufactured, with a birthday on January 1 of each year thereafter. For example, an item of equipment manufactured on July 16, 2011, will be considered to be “over 1 year old” on and after January 1, 2012, and “over 2 years old” on and after January 1, 2013.

1. For personal property and equipment not covered in (I) or (ii) above, a rental shall be established at not less than the prevailing commercial rate, if any, or, in the absence of such rate, not less than 2 percent per month for electronic test equipment and automotive equipment and not less than 1 percent per month for all other property and equipment.

(c) Government property identified by the offeror pursuant to this provision shall be submitted by the offeror with its proposal, as an

 attachment, entitled “List of Government Facilities, Special Tooling and Test Equipment to be Used on a No-Charge Basis.”

**NOTE:** No use of Government-owned property other than that prescribed above will be authorized under the resulting contract unless such use is approved in writing by the Contracting Officer having cognizance of the property, and either rent computed in accordance with paragraph (b) above is charged to and paid by the offeror, or the contract price/estimated cost is reduced by an equivalent amount.

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Date Name of Company

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 Signature and Title