

Equipment Disposition Under a Federal Award

This document discusses the requirements for the disposition of purchased equipment, supplies, and real property after they are no longer needed for federally funded projects.

Equipment Types

	Equipment	Supplies	Real Property
Definition	<p>In the context of disposition, equipment is any tangible personal property (including information technology systems) having a:</p> <ul style="list-style-type: none"> • useful life of more than one (1) year and; • per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient for financial statement purposes, or \$5,000. <p>See: C.F.R §200.1</p>	<p>Supplies are any tangible personal property that does not fall under the definition of equipment.</p> <p>(See also §§200.1: Computing devices; and Equipment.)</p> <p>See: C.F.R §200.1</p>	<p>Real property refers to land as well as land improvements, structures, and appurtenances thereto.</p> <p>Real property does not include moveable machinery and equipment.</p> <p>See: C.F.R §200.1</p>

Step 1: Request Disposal Instructions

Entities should request disposition instructions from the federal awarding agency. If the federal agency fails to respond with instructions within 120 days, the entity is absolved of the responsibility and can proceed with any action deemed appropriate.



Step 2: Determine the Current Fair Market Value

All entities must calculate the current fair market value of any unused residual supplies (including materials) that FEMA funded for any of its projects and determine the aggregate total.

Fair market value is either the selling price or the advertised price for a similar item in a competitive market.

Step 3: Disposal Options

When equipment or supplies (including materials) are purchased with federal funding are no longer needed for response to or recovery from the incident, recipients may dispose of the items by using one of the following options based on the current per-unit fair market value:

Equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation.			
	Retained	Sold	Disposed
Requirements	<p>Entities may retain or transfer equipment, supplies, or real property to be used for other federally funded programs or projects.</p> <p>If an entity chooses to retain or transfer the equipment, supplies, or real property, <u>they must inform FEMA.</u></p> <p>The non-federal entity may transfer title to the property to the federal government or to an eligible third party provided that, in such cases, the non-federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.</p>	<p>Entities may sell equipment, supplies, or real property.</p> <p>Note: The federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the federal awarding agency may permit the non-federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.</p>	<p>Entities may dispose of the equipment, supplies, or real property in any way it sees fit <u>after receiving FEMA approval.</u></p>

Equipment with a current per-unit fair market value in excess of \$5,000 may be retained or sold.	
Retained	Sold
<p>Requirements</p> <p>Entities may retain or transfer equipment, supplies, or real property to be used for other federally funded programs or projects.</p> <p>If an entity chooses to retain or transfer the equipment, supplies, or real property, <u>they must inform FEMA.</u></p> <p>The non-federal entity may transfer title to the property to the federal government or to an eligible third party provided that, in such cases, the non-federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.</p>	<p>Entities may sell equipment, supplies, or real property.</p> <p>Entities must calculate the <u>current fair market value</u> of any unused residual supplies (including materials) that FEMA funded for any of its projects and determine the aggregate total.</p> <p>Note: The federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the federal awarding agency may permit the non-federal entity to deduct and retain from the federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.</p>

See:

- [C.F.R §200.313 Equipment\(e\)](#)
- [C.F.R §200.314 Supplies\(a\)](#)
- [C.F.R §200.311 Real property\(c\)](#)

Keep records of disposal for monitoring purposes.

If the entity is unsure of what to do, they should seek guidance from their Program Specialist.