

Mr. STAATS. I assume you would. And also to be considered is the different situation you have where a plant is wholly in Government production as against a mixed commercial and Government contract plant.

Chairman PROXMIRE. Yes, or particular equipment that is bought by the Government for a particular purpose which should be used for that purpose only. See what the limits are. It may be that my suggestion here is wrong. I don't know. I would like to see it studied out.

Mr. STAATS. Most of the problem we are pointing out has to do with the contractor who has both commercial as well as Government production. It might well be that you have a different situation with a contractor who is exclusively engaged in production for Government use. We will consider it.

Chairman PROXMIRE. Fine.

DISPOSITION OF GOVERNMENT-FURNISHED PROPERTY

Mr. STAATS. We turn finally to the subject of disposition of Government-furnished property.

To promote the maximum utilization within the Government, serviceable or usable property is required to be screened prior to disposition.

The armed services procurement regulation provides that Government-furnished property, return of which has not been required by the Government at the conclusion of Government work, may be disposed of either by competitive sales or by negotiation. With respect to the latter, sales are required to be made at prices which are fair and reasonable, and not less than the proceeds that could reasonably be expected to be obtained if the property were offered for competitive sale.

This concludes our formal statement, Mr. Chairman.

NEED FOR LEGISLATION REGARDING CONTRACTOR-HELD EQUIPMENT

Chairman PROXMIRE. How do you feel about legislation in this area?

Mr. STAATS. You asked us in our previous hearing to consider this. We have not reached any conclusion as to what type of legislation. We have discussed it briefly since our previous discussion on the subject. It may very well be that legislation would be desirable in this area.

Chairman PROXMIRE. I hope you can give us a response on that as soon as you can. Also, we haven't really gone into the basis on which the rentals are computed and whether or not they are fair, if there is a comparison with competitors. It seems to me that this is something GAO might be able to do and come forward with useful recommendations.

Mr. STAATS. I think this would be a specific matter particularly growing out of our report that we can offer suggestions on.

Chairman PROXMIRE. At the present time, the records on the use of this Government-owned equipment in the hands of private contractors are kept by the private contractors; right?

Mr. STAATS. On use, yes.

Chairman PROXMIRE. The amount of time used for the private work and for the Government work. What kind of reports are made by the contractors now? How frequent and how comprehensive?

Mr. HAMMOND. I think the reports would vary depending upon the rental arrangement, like, for example, when the equipment is used and