



Office of the Inspector General

Commonwealth of Massachusetts

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Vehicle Trade-ins Under M.G.L. c. 30B

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This report provides guidance on awarding contracts when trade-ins are involved under M.G.L. c. 30B, the Uniform Procurement Act. M.G.L. c. 30B, §15 requires a competitive sealed bid or an auction process for the disposition of tangible supplies with a net value of \$5,000 or more. This section also allows procurement officers to trade-in a supply by listing a supply for trade-in as part of an invitation for bids (IFB) or request for proposals (RFP) for a new supply.¹

This Office was recently asked how to determine the IFB threshold when you have a trade-in. For example, if you are purchasing a vehicle for \$26,000 and you have a trade-in valued at \$5,000 (bringing the total contract price to \$21,000) may the M.G.L. c. 30B, §4 quote process be used for your procurement, rather than the M.G.L. c. 30B, §5 IFB or the M.G.L. c. 30B, §6 RFP process.

This Office recommends that you do not subtract the trade-in price from the purchase price to determine whether you may procure a contract using the quote process rather than the IFB or RFP process. The M.G.L. c. 30B IFB and RFP procedures, which govern the procurement of contracts costing \$25,000 or more, apply to "*procurement* contracts in the amount of \$25,000 or more."² M.G.L. c. 30B, §2 defines procurement as "buying, purchasing, renting, leasing, or otherwise acquiring a supply or service, and all functions that pertain to the obtaining of a supply or service, including the description of requirements, selection and solicitation of sources, preparation and award of the contract, and all phases of contract administration. The intent of the legislature appears to be to apply the purchase cost of a contract when determining the threshold amount for IFBs and RFPs, not the purchase cost minus any trade-ins.

In addition, M.G.L. c. 30B, §15(e), which applies to trade-ins, permits trade-ins as part of an IFB or RFP process, not as part of the quote process. M.G.L. c. 30B, §15(e)

¹ M.G.L. c. 30B, §15(e).

² Emphasis added. See M.G.L. c. 30B, §§5(a) and 6(a).

states that a tangible supply may be “listed for trade-in in an *invitation for bids or request for proposals*.”³ This language does not include a quote process.

Lastly, this Office frequently receives questions about trade-ins as part of collaborative purchase contracts, such as the Greater Boston Police Council contract. It is the opinion of this Office that trade-ins may be addressed in collaborative purchase contracts as long as the IFB issued for the collaborative purchase contract includes a provision permitting trade-ins. This Office recommends that collaboratives addressing trade-ins as part of a collaborative contract for vehicles include a standardized reference for trade-in values, such as the most recent *Kelly Blue Book* value for trade-ins. This is recommended in order to keep bidders on a level playing field and to ensure that a low bidder can be accurately identified.

³ Emphasis added. See M.G.L. c. 30B, §15(e).