

“(a) EXCEPTION FROM CERTIFIED COST AND PRICING DATA REQUIREMENTS.—The requirements under section 2306a(a) of title 10, United States Code [now 10 U.S.C. 3702], shall not apply to a contract, subcontract, or modification of a contract or subcontract valued at less than \$7,500,000 awarded to a small business or nontraditional defense contractor pursuant to—

“(1) a technical, merit-based selection procedure, such as a broad agency announcement, or

“(2) the Small Business Innovation Research Program or Small Business Technology Transfer Program,

unless the head of the agency determines that submission of cost and pricing data should be required based on past performance of the specific small business or nontraditional defense contractor, or based on analysis of other information specific to the award.

“(b) EXCEPTION FROM RECORDS EXAMINATION REQUIREMENT.—The requirements under subparagraphs (A), (B), and (C) of section 2313(a)(2) of title 10, United States Code [now 10 U.S.C. 3841(b)(2)(A)–(C)], and subsection (b) of section 2313 of title 10, United States Code [now 10 U.S.C. 3841(c)], shall not apply to a contract valued at less than \$7,500,000 awarded to a small business or nontraditional defense contractor pursuant to—

“(1) a technical, merit-based selection procedure, such as a broad agency announcement, or

“(2) the Small Business Innovation Research Program,

unless the head of the agency determines that auditing of records should be required based on past performance of the specific small business or nontraditional defense contractor, or based on analysis of other information specific to the award, and if such performance audit is initiated within 18 months of the contract completion.

“(c) TREATMENT AS COMPETITIVE PROCEDURES.—Use of a technical, merit-based selection procedure or the Small Business Innovation Research Program or Small Business Technology Transfer Program for the pilot program under this section shall be considered to be use of competitive procedures for purposes of [former] chapter 137 of title 10, United States Code.

“(d) DISCRETION TO USE NON-CERTIFIED ACCOUNTING SYSTEMS.—In executing programs under this pilot program, the Secretary of Defense shall establish procedures under which a small business or nontraditional contractor may engage an independent certified public accountant for the review and certification of its accounting system for the purposes of any audits required by regulation, unless the head of the agency determines that this is not appropriate based on past performance of the specific small business or nontraditional defense contractor, or based on analysis of other information specific to the award.

“(e) GUIDANCE AND TRAINING.—The Secretary of Defense shall ensure that acquisition and auditing officials are provided guidance and training on the flexible use and tailoring of authorities under the pilot program to maximize efficiency and effectiveness.

“(f) SUNSET.—The exceptions under subsections (a) and (b) shall terminate on October 1, 2024.

“(g) DEFINITIONS.—In this section [enacting this note and amending section 638 of Title 15, Commerce and Trade]:

“(1) SMALL BUSINESS.—The term ‘small business’ has the meaning given the term ‘small business concern’ under section 3 of the Small Business Act (15 U.S.C. 632).

“(2) NONTRADITIONAL DEFENSE CONTRACTOR.—The term ‘nontraditional defense contractor’ has the meaning given that term in section 2302(9) of title 10, United States Code [now 10 U.S.C. 3014].”

[Section 896(2)(B) of Pub. L. 114-328, which directed amendment of par. (2) of subsec. (b) of section 873 of Pub. L. 114-92, set out above, by inserting “, and if such performance audit is initiated within 18 months of the contract completion” before the period at the end, was executed by making the insertion before the period at the end of the concluding provisions of subsec. (b), to reflect the probable intent of Congress.]

§ 3703. Exceptions

(a) IN GENERAL.—Submission of certified cost or pricing data shall not be required under section 3702 of this title in the case of a contract, a subcontract, or modification of a contract or subcontract—

(1) for which the price agreed upon is based on—

(A) adequate competition that results in at least two or more responsive and viable competing bids; or

(B) prices set by law or regulation;

(2) for the acquisition of a commercial product or a commercial service;

(3) in an exceptional case when the head of the procuring activity, without delegation, determines that the requirements of this chapter may be waived and justifies in writing the reasons for such determination; or

(4) to the extent such data—

(A) relates to an offset agreement in connection with a contract for the sale of a weapon system or defense-related item to a foreign country or foreign firm; and

(B) does not relate to a contract or subcontract under the offset agreement for work performed in such foreign country or by such foreign firm that is directly related to the weapon system or defense-related item being purchased under the contract.

(b) MODIFICATIONS OF CONTRACTS AND SUBCONTRACTS FOR COMMERCIAL PRODUCTS OR COMMERCIAL SERVICES.—In the case of a modification of a contract or subcontract for a commercial product or commercial services that is not covered by the exception to the submission of certified cost or pricing data in paragraph (1) or (2) of subsection (a), submission of certified cost or pricing data shall not be required under section 3702 of this title if—

(1) the contract or subcontract being modified is a contract or subcontract for which submission of certified cost or pricing data may not be required by reason of paragraph (1) or (2) of subsection (a); and

(2) the modification would not change the contract or subcontract, as the case may be, from a contract or subcontract for the acquisition of a commercial product or commercial services to a contract or subcontract for the acquisition of an item other than a commercial product or commercial services.

(c) NONCOMMERCIAL MODIFICATIONS OF COMMERCIAL PRODUCTS.—(1) The exception in subsection (a)(2) does not apply to cost or pricing data on noncommercial modifications of a commercial product that are expected to cost, in the aggregate, more than the amount specified in section 3702(a)(1)(A) of this title, as adjusted from time to time under section 3702(g) of this title, or 5 percent of the total price of the contract (at the time of contract award), whichever is greater.

(2) In this subsection, the term “noncommercial modification”, with respect to a commercial product, means a modification of such product that is not a modification described in section 103(3)(A) of title 41.

(3) Nothing in paragraph (1) shall be construed—

(A) to limit the applicability of the exception in paragraph (1) or (3) of subsection (a) to cost or pricing data on a noncommercial modification of a commercial product; or

(B) to require the submission of cost or pricing data on any aspect of an acquisition of a commercial product other than the cost and pricing of noncommercial modifications of such product.

(d) **COMMERCIAL PRODUCT OR COMMERCIAL SERVICE DETERMINATION.**—(1) For purposes of applying the exception under subsection (a)(2) to the required submission of certified cost or pricing data, the contracting officer may presume that a prior commercial product or commercial service determination made by a military department, a Defense Agency, or another component of the Department of Defense shall serve as a determination for subsequent procurements of such product or service.

(2) If the contracting officer does not make the presumption described in paragraph (1) and instead chooses to proceed with a procurement of a product or service previously determined to be a commercial product or a commercial service using procedures other than the procedures authorized for the procurement of a commercial product or a commercial service, as the case may be, the contracting officer shall request a review of the commercial product or commercial service determination by the head of the contracting activity.

(3) Not later than 30 days after receiving a request for review of a determination under paragraph (2), the head of a contracting activity shall—

(A) confirm that the prior determination was appropriate and still applicable; or

(B) issue a revised determination with a written explanation of the basis for the revision.

(e) A contracting officer shall consider evidence provided by an offeror of recent purchase prices paid by the Government for the same or similar commercial products or commercial services in establishing price reasonableness on a subsequent purchase if the contracting officer is satisfied that the prices previously paid remain a valid reference for comparison after considering the totality of other relevant factors such as the time elapsed since the prior purchase and any differences in the quantities purchased or applicable terms and conditions.

(f) **DETERMINATION BY PRIME CONTRACTOR.**—A prime contractor required to submit certified cost or pricing data under section 3702 of this title with respect to a prime contract shall be responsible for determining whether a subcontract under such contract qualifies for an exception under subsection (a)(1) from such requirement.

(Added and amended Pub. L. 116–283, div. A, title XVIII, §1831(a), (d), Jan. 1, 2021, 134 Stat. 4209, 4211.)

Editorial Notes

CODIFICATION

The text of subsec. (b) of section 2306a of this title, which was transferred to this section and amended by

Pub. L. 116–283, §1831(d), was based on Pub. L. 99–500, §101(c) [title X, §952(a)], Oct. 18, 1986, 100 Stat. 1783–82, 1783–166, and Pub. L. 99–591, §101(c) [title X, §952(a)], Oct. 30, 1986, 100 Stat. 3341–82, 3341–166; Pub. L. 99–661, div. A, title IX, formerly title IV, §952(a), Nov. 14, 1986, 100 Stat. 3945, renumbered title IX, Pub. L. 100–26, §3(5), Apr. 21, 1987, 101 Stat. 273; Pub. L. 103–355, title I, §1202(a), Oct. 13, 1994, 108 Stat. 3274, as amended by Pub. L. 104–106, div. D, title XLIII, §4321(a)(2), Feb. 10, 1996, 110 Stat. 671; Pub. L. 104–106, div. D, title XLII, §4201(a)(1), Feb. 10, 1996, 110 Stat. 649; Pub. L. 108–375, div. A, title VIII, §818(a), Oct. 28, 2004, 118 Stat. 2015; Pub. L. 110–181, div. A, title VIII, §814, Jan. 28, 2008, 122 Stat. 222; Pub. L. 113–291, div. A, title X, §1071(a)(3), Dec. 19, 2014, 128 Stat. 3504; Pub. L. 114–92, div. A, title VIII, §§812, 851(b), 853, Nov. 25, 2015, 129 Stat. 891, 916, 919; Pub. L. 114–328, div. A, title VIII, §822(2), Dec. 23, 2016, 130 Stat. 2276; Pub. L. 115–232, div. A, title VIII, §836(c)(5)(A), Aug. 13, 2018, 132 Stat. 1865. Pub. L. 99–500, Pub. L. 99–591, and Pub. L. 99–661 added identical sections. Pub. L. 99–591 is a corrected version of Pub. L. 99–500.

AMENDMENTS

2021—Pub. L. 116–283, §1831(d)(1), transferred subsec. (b) of section 2306a of this title to this section, struck out subsec. (b) designation and heading “Exceptions” at beginning, and redesignated pars. (1) to (6) as subsecs. (a) to (f), respectively, and realigned margins.

Subsec. (a). Pub. L. 116–283, §1831(d)(2)(A), (B), (C), (E), after redesignation of section 2306a(b)(1) of this title as subsec. (a) of this section, substituted “under section 3702 of this title” for “under subsection (a)” in introductory provisions, redesignated subpar. (A) and its cls. (i) and (ii) as par. (1) and subpars. (A) and (B), respectively, redesignated subpars. (B) and (C) as pars. (2) and (3), respectively, and redesignated subpar. (D) and its cls. (i) and (ii) as par. (4) and subpars. (A) and (B), respectively.

Subsec. (a)(3). Pub. L. 116–283, §1831(d)(2)(D), substituted “this chapter” for “this section”.

Subsec. (b). Pub. L. 116–283, §1831(d)(3)(A), (B), after redesignation of section 2306a(b)(2) of this title as subsec. (b) of this section, in introductory provisions, substituted “paragraph (1) or (2) of subsection (a)” for “paragraph (1)(A) or (1)(B)” and “under section 3702 of this title” for “under subsection (a)” and redesignated subpars. (A) and (B) as pars. (1) and (2), respectively.

Subsec. (b)(1). Pub. L. 116–283, §1831(d)(3)(C), substituted “paragraph (1) or (2) of subsection (a)” for “paragraph (1)(A) or (1)(B)”.

Subsec. (c). Pub. L. 116–283, §1831(d)(4)(A), (D)(i), after redesignation of section 2306a(b)(3) of this title as subsec. (c) of this section, redesignated subpars. (A), (B), and (C) and its cls. (i) and (ii) as pars. (1), (2), and (3) and subpars. (A) and (B), respectively.

Subsec. (c)(1). Pub. L. 116–283, §1831(d)(4)(B), substituted “subsection (a)(2)” for “paragraph (1)(B)”, “section 3702(a)(1)(A) of this title” for “subsection (a)(1)(A)(i)”, and “section 3702(g) of this title” for “subsection (a)(7)”.

Subsec. (c)(2). Pub. L. 116–283, §1831(d)(4)(C), substituted “this subsection” for “this paragraph”.

Subsec. (c)(3). Pub. L. 116–283, §1831(d)(4)(D)(ii), (i) [(iii)], substituted “paragraph (1)” for “subparagraph (A)” in introductory provisions and “paragraph (1) or (3) of subsection (a)” for “subparagraph (A) or (C) of paragraph (1)” in subpar. (A).

Subsec. (d). Pub. L. 116–283, §1831(d)(5)(A), (D)(i), after redesignation of section 2306a(b)(4) of this title as subsec. (d) of this section, redesignated subpars. (A), (B), and (C) and its cls. (i) and (ii) as pars. (1), (2), and (3) and subpars. (A) and (B), respectively.

Subsec. (d)(1). Pub. L. 116–283, §1831(d)(5)(B), substituted “subsection (a)(2)” for “paragraph (1)(B)”.

Subsec. (d)(2). Pub. L. 116–283, §1831(d)(5)(C), substituted “paragraph (1)” for “subparagraph (A)”.

Subsec. (d)(3). Pub. L. 116–283, §1831(d)(5)(D)(ii), substituted “paragraph (2)” for “subparagraph (B)” in introductory provisions.

Subsec. (f). Pub. L. 116-283, §1831(d)(6), after redesignation of section 2306a(b)(6) of this title as subsec. (f) of this section, substituted “section 3702 of this title” for “subsection (a)” and “subsection (a)(1)” for “paragraph (1)(A)”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section and amendment by Pub. L. 116-283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116-283, set out as an Effective Date of 2021 Amendment note preceding section 3001 of this title.

§ 3704. Cost or pricing data on below-threshold contracts

(a) **AUTHORITY TO REQUIRE SUBMISSION.**—Subject to subsection (b), when certified cost or pricing data are not required to be submitted by section 3702 of this title for a contract, subcontract, or modification of a contract or subcontract, such data may nevertheless be required to be submitted by the head of the procuring activity, but only if the head of the procuring activity determines that such data are necessary for the evaluation by the agency of the reasonableness of the price of the contract, subcontract, or modification of a contract or subcontract. In any case in which the head of the procuring activity requires such data to be submitted under this section, the head of the procuring activity shall justify in writing the reason for such requirement.

(b) **EXCEPTION.**—The head of the procuring activity may not require certified cost or pricing data to be submitted under this subsection for any contract or subcontract, or modification of a contract or subcontract, covered by the exceptions in paragraph (1) or (2) of section 3703(a) of this title.

(c) **DELEGATION OF AUTHORITY PROHIBITED.**—The head of a procuring activity may not delegate functions under this subsection.

(Added and amended Pub. L. 116-283, div. A, title XVIII, §1831(a), (e), Jan. 1, 2021, 134 Stat. 4209, 4213.)

Editorial Notes

CODIFICATION

The text of subsec. (c) of section 2306a of this title, which was transferred to this section and amended by Pub. L. 116-283, §1831(e), was based on Pub. L. 99-500, §101(c) [title X, §952(a)], Oct. 18, 1986, 100 Stat. 1783-82, 1783-166, and Pub. L. 99-591, §101(c) [title X, §952(a)], Oct. 30, 1986, 100 Stat. 3341-82, 3341-166; Pub. L. 99-661, div. A, title IX, formerly title IV, §952(a), Nov. 14, 1986, 100 Stat. 3945, renumbered title IX, Pub. L. 100-26, §3(5), Apr. 21, 1987, 101 Stat. 273; Pub. L. 101-510, div. A, title VIII, §803(d), Nov. 5, 1990, 104 Stat. 1590; Pub. L. 103-355, title I, §1203, Oct. 13, 1994, 108 Stat. 3274; Pub. L. 104-106, div. D, title XLII, §4201(a)(1), Feb. 10, 1996, 110 Stat. 650. Pub. L. 99-500, Pub. L. 99-591, and Pub. L. 99-661 added identical sections. Pub. L. 99-591 is a corrected version of Pub. L. 99-500.

AMENDMENTS

2021—Pub. L. 116-283, §1831(e)(1)(A), transferred subsec. (c) of section 2306a of this title to this section and struck out subsec. (c) designation and heading “Cost or Pricing Data on Below-Threshold Contracts” at beginning.

Subsec. (a). Pub. L. 116-283, §1831(e)(1)(B), (2), redesignated par. (1) of section 2306a(c) of this title as subsec. (a) of this section, realigned margin, and substituted “subsection (b)” for “paragraph (2)”, “section 3702 of this title” for “subsection (a)”, and “under this section” for “under this subsection”.

Subsec. (b). Pub. L. 116-283, §1831(e)(1)(B), (3), redesignated par. (2) of section 2306a(c) of this title as subsec. (b) of this section, realigned margin, and substituted “under this subsection” for “under this paragraph” and “paragraph (1) or (2) of section 3703(a) of this title” for “subparagraph (A) or (B) of subsection (b)(1)”.

Subsec. (c). Pub. L. 116-283, §1831(e)(1)(B), (4), redesignated par. (3) of section 2306a(c) of this title as subsec. (c) of this section, realigned margin, and substituted “under this subsection” for “under this paragraph”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section and amendment by Pub. L. 116-283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116-283, set out as an Effective Date of 2021 Amendment note preceding section 3001 of this title.

§ 3705. Submission of other information

(a) **AUTHORITY TO REQUIRE SUBMISSION.**—When certified cost or pricing data are not required to be submitted under this chapter for a contract, subcontract, or modification of a contract or subcontract, the offeror shall be required to submit to the contracting officer data other than certified cost or pricing data (if requested by the contracting officer), to the extent necessary to determine the reasonableness of the price of the contract, subcontract, or modification of the contract or subcontract. Except in the case of a contract or subcontract covered by the exceptions in section 3703(a)(1) of this title, the contracting officer shall require that the data submitted include, at a minimum, appropriate information on the prices at which the same item or similar items have previously been sold that is adequate for evaluating the reasonableness of the price for the procurement. If the contracting officer determines that the offeror does not have access to and cannot provide sufficient information on prices for the same or similar items to determine the reasonableness of price, the contracting officer shall require the submission of information on prices for similar levels of work or effort on related products or services, prices for alternative solutions or approaches, and other information that is relevant to the determination of a fair and reasonable price. Contracting officers shall not determine the price of a contract or subcontract to be fair and reasonable based solely on historical prices paid by the Government.

(b) **INELIGIBILITY FOR AWARD.**—(1) In the event the contracting officer is unable to determine proposed prices are fair and reasonable by any other means, an offeror who fails to make a good faith effort to comply with a reasonable request to submit data in accordance with subsection (a) is ineligible for award unless the head of the contracting activity, or the designee of the head of contracting activity, determines that it is in the best interest of the Government to make the award to that offeror, based on consideration of pertinent factors, including the following: