



# Defense Surplus Equipment Disposal: Background Information

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## Summary

The Department of Defense (DOD) through the Defense Logistics Agency (DLA) component called DLA Disposition Services [formerly the Defense Utilization and Marketing Service (DRMS)] has a policy for disposing of government equipment and supplies considered surplus or deemed unnecessary, or excess, to the agency's currently designated mission. DLA Disposition Services is responsible for property reuse (including resale), precious metal recovery, recycling, hazardous property disposal, and the demilitarization of military equipment. The effort to dispose of surplus military equipment dates back to the end of World War II when the Federal government sought to reduce a massive inventory of surplus military equipment by making such equipment available to civilians. (Note: disposal of surplus real property, including land, buildings, commercial facilities, and equipment situated thereon, is assigned to the General Services Administration's Office of Property Disposal.)

On September 22, 2010, DLA published a pre-solicitation notice, to be reissued as a Request for Proposal (RFP) after October 1, 2010, for the contract to manage the receipt, storage, marketing, and disposition of all excess property, including the reutilization, transfer, and donation of useable surplus property generated by DOD installations throughout the United States. The RFP will be posted on the Federal Business Opportunities website, <http://www.fbodaily.com>.

During March 2009, several press reports indicated that DLA Disposition Services had tightened its demilitarization policy on the category of items in which small arms cartridge cases were included. Such items are munitions list items and buyers who purchase them from the Federal government must be approved to do so under Trade Security Controls. DLA later issued a formal decision which reversed the policy, as described in the following excerpt from the DLA Press Release. For further information, contact Tonya Johnson, DLA, at (703)767-6310, or [LaTonya.Johnson@dla.mil](mailto:LaTonya.Johnson@dla.mil).

The primary focus of the Defense Reutilization and Marketing Service is to protect national security by ensuring property is properly identified for reutilization and disposition and not released for public sale when to do so would jeopardize national security.

During the past two years, the Defense Reutilization and Marketing Service, located in Battle Creek, Mich., revised its processes to further ensure only appropriate items were made available for public sale. To strengthen current controls and to mitigate future security risk, DOD issued a policy that prohibits the sale of military unique items controlled by the Department of State through its Munitions List.

Small arms cartridge cases are identified as a sensitive Munitions List item and were held pending review of the policy relating to the category of items in which cartridge cases were included. Upon review, the Defense Logistics Agency has determined the cartridge cases could be appropriately placed in a category of government property allowing for their release for sale.

([http://www.dla.mil/DLAPublic/DLA\\_Media\\_Center/PressRelease/PressRelease.aspx?ID=438](http://www.dla.mil/DLAPublic/DLA_Media_Center/PressRelease/PressRelease.aspx?ID=438)).

## **Contents**

Introduction .....	1
Controlling Legal Authority .....	1
Legislative Activity .....	2
Major Recipients .....	2
State and Local Governments .....	2
Law Enforcement Support Office (LESO) .....	2
Fire-Fighting Support Program .....	3
Humanitarian Assistance Program .....	3
Public Sales .....	3
Other Programs .....	3
For Additional Information .....	3

## **Contacts**

Author Contact Information .....	3
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## Introduction

On September 12, 1972, the Defense Property Disposal Service (the forerunner to DRMS) was established under the Defense Supply Agency (now DLA). Defense property disposal offices were established worldwide on or near major military installations. DLA Disposition Services is responsible for property reuse (including the disposal and sale of surplus and excess defense equipment and supplies), precious metal recovery, recycling, hazardous property disposal, and the demilitarization of military equipment. During FY2008 over \$2.2 billion of property was reutilized.<sup>1</sup>

DLA Disposition Services provides support at major U.S. military installations worldwide. Headquartered in Battle Creek, Michigan, the DLA Disposition Services personnel serve in 16 foreign countries (including the Middle East and Southwestern Asia), two U.S. territories (Guam and Puerto Rico) and 41 states. DLA Disposition Services are located in field offices in Afghanistan, Iraq and Kuwait with teams deploying out to forward operating bases to assist combat units. With over 90 field offices, DLA Disposition Services employs about 1,500 people.

Property disposal means redistributing, transferring, donating, selling, demilitarizing, destroying, or other “end of life cycle” activities. Disposal is the final stage before the property leaves DOD’s control.<sup>2</sup> In some cases, the act of demilitarization—destroying the item’s military offensive and defensive capability—accomplishes the intent of disposal.

Property is considered excess when one particular agency determines it is not needed for its particular use, while property is considered surplus when it is no longer needed by the Federal government. Property transferred to DLA is declared surplus after about 21 days. Surplus property can be reused, transferred, donated, or sold; potential recipients may include law enforcement agencies, school systems, medical institutions, civic and community organizations, libraries, homeless assistance providers, state and local government agencies, and the public. During FY2008, about 56,000 military organizations and components turned in over 3.5 million items to DLA Disposition Services.<sup>3</sup> About half of all surplus items are designated for the foreign military sales program, and about half are made available to other government agencies, eligible donees, or sold to the public.<sup>4</sup>

## Controlling Legal Authority

Authority for the disposal of surplus defense property can be found in Public Law (P.L.) 94-519, 10 U.S.C. 381, which amends the Federal Property and Administrative Services Act of 1949 (40

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<sup>1</sup> From the DLA Disposition Services website, at <http://www.drms.dla.mil/about.shtml>.

<sup>2</sup> See the Acquisition Community Connection at the Defense Acquisition University, at <https://acc.dau.mil>.

<sup>3</sup> From the DLA Disposition Services website, at <http://www.drms.dla.mil/about.shtml>.

<sup>4</sup> For further discussion of excess defense property, and the demilitarization and disposal of surplus military equipment, see CRS Report RL31675, *Arms Sales: Congressional Review Process*, by Richard F. Grimmett, CRS Report RS20428, *Excess Defense Articles: Grants and Sales to Allies and Friendly Countries*, by Richard F. Grimmett, and CRS Report RL31686, *Demilitarization of Significant Military Equipment*, by Valerie Bailey Grasso. Another source for information is the Demilitarization and Disposal section of the Acquisition Community Connection at the Defense Acquisition University.

U.S.C. 484), P.L. 107-117, and in DOD Manual 4160.21, at <http://www.dla.mil/dlaps/dod/416021m/guide.asp>.

## **Legislative Activity**

In the 111<sup>th</sup> Congress, the proposed Fiscal Year (FY) 2011 National Defense Authorization Act (H.R. 5136) contains a provision (Section 1053) that would amend Title 10 Section 2576 to broaden the categories of state and local organizations that would be eligible for surplus military equipment.<sup>5</sup> Also, the Affordable Reloaded Munitions Supply (ARMS) Act of 2009 (H.R. 2193) was introduced in the House on April 30, 2009. The bill would prohibit the Secretary of Defense from implementing any policy that prevents or places undue restriction on the sale of “intact spent military small arms ammunition casings” to certain domestic suppliers. The bill has 41 co-sponsors, and was referred to the House Armed Services Committee.

## **Major Recipients**

### **State and Local Governments**

If property cannot be reused or transferred to other federal agencies, it may be donated to state and local government programs. Each state has designated a “State Agency for Surplus Property Program” which is a local governing authority to receive and distribute all federal surplus property. The program authorizes “screeners” to handle the logistics, and the state agency may charge a fee for handling the transaction. Eligible recipients include, but are not limited to, organizations that promote public health, safety, education, recreation, conservation, and other public needs, including veterans groups and Native American organizations. Some groups that qualify as a “service education activity” may have a slight priority in the screening process.

### **Law Enforcement Support Office (LESO)**

LESO administers 10 U.S.C. Section 2576a, which transfers excess DOD equipment to federal and state law enforcement agencies through the 1033 Program (FY1997 National Defense Authorization Act). DLA estimates the LESO budget for FY2008 and FY2009 to be \$1.3 million for each year.<sup>6</sup> In addition, the 1122 Program (FY1994 National Defense Authorization Act) authorizes state and local governments to purchase law enforcement equipment for counter-drug activities. Each state appoints a “Point of Contact (POC)” for this program; the POC may purchase items from any of the four inventory control points managed by DLA. To order items, applicants are to contact their State Agency for Surplus Property Program.

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<sup>5</sup> Title 10 U.S.C. 2576, Surplus Military Equipment: Sale to State and Local Law Enforcement and Firefighter Agencies.

<sup>6</sup> Defense Logistics Agency, Operation and Maintenance, Defense-Wide, FY2008/FY2009 Budget Estimates.

## **Fire-Fighting Support Program**

Title 10 U.S.C. 2576b authorizes the U.S. Department of Agriculture's Forest Service to manage the DOD fire-fighting property transfers. An interagency agreement between DOD and the Forest Service is under the authority of the Economy Act, 31 U.S.C. 1535. The Federal Excess Personal Property (FEPP) Program, administered through the Forest Service, provides equipment to state and territorial forestry programs for wild land and rural firefighting.<sup>7</sup>

## **Humanitarian Assistance Program**

Title 10 U.S.C. 2547 authorizes DOD to provide excess property as coordinated through the Defense Security Cooperation Agency, Office of Humanitarian and Refugee Affairs.

## **Public Sales**

Property not reused, transferred, or donated can be sold to the general public through public auctions and sealed bidding. Munitions, explosives and strategic items are not sold.

## **Other Programs**

There are other programs which may assist organizations which may fail to qualify for DLA Disposition Services property as a DOD, federal, or donation customer. Such programs include (but are not limited to) museums, educational institutions, National Guard and Senior Reserve Officer Training Corps units, and the Civil Air Patrol.<sup>8</sup>

## **For Additional Information**

For more information about DLA Disposition Services, see <http://www.dla.mil/drms>. Also, the DLA Customer Contact Center is open 24 hours a day, 7 days a week, at (877) 352-2255, or contact the Center at [DLAContactCenter@dlamail.mil](mailto:DLAContactCenter@dlamail.mil).

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<sup>7</sup> <http://www.fs.fed.us/fire/partners/fepp/>.

<sup>8</sup> For further information, see <https://www.drms.dla.mil/rtd03/miscprograms.shtml>.