

## **ARMS STATUTE**

Two sections primarily govern the ARMS program: 10 USC Chapter 434 § 7553\* – Armament Retooling and Manufacturing Support Initiative and 10 USC Chapter 434 § 7554 – Property Management Contracts and Leases. Language from both sections is provided below, as well as the associated definitions in § 7551 and policy in § 7552.

### **10 USC CHAPTER 434 § 7551 – DEFINITIONS**

#### **In this chapter:**

- (1)** The term "ARMS Initiative" means the Armament Retooling and Manufacturing Support Initiative authorized by this chapter.
- (2)** The term "eligible facility" means a Government-owned, Contractor-operated ammunition manufacturing facility, or a Government-owned, contractor-operated depot for the storage, maintenance, renovation, or demilitarization of ammunition, of the Department of the Army that is in an active, inactive, layaway, or caretaker status.
- (3)** The term "property manager" includes any person or entity managing an eligible facility made available under the ARMS Initiative through a property management contract.
- (4)** The term "property management contract" includes facility use contracts, site management contracts, leases, and other agreements entered into under the authority of this chapter.
- (5)** The term "Secretary" means the Secretary of the Army.

### **10 USC CHAPTER 434 § 7552 - POLICY**

#### **It is the policy of the United States –**

- (1)** to encourage, to the maximum extent practicable, commercial firms to use Government-owned, contractor-operated ammunition manufacturing, storage, maintenance, renovation, and demilitarization facilities of the Department of the Army;
- (2)** to use such facilities for supporting programs, projects, policies, and initiatives that promote competition in the private sector of the United States economy and that advance United States interests in the global marketplace;
- (3)** to increase the manufacture of products inside the United States;
- (4)** to support policies and programs that provide manufacturers with incentives to assist the United States in making more efficient and economical use of eligible facilities for commercial purposes;

(5) to provide, as appropriate, small businesses (including socially and economically disadvantaged small business concerns and new small businesses) with incentives that encourage those businesses to undertake manufacturing and other industrial processing activities that contribute to the prosperity of the United States;

(6) to encourage the creation of jobs through increased investment in the private sector of the United States economy;

(7) to foster a more efficient, cost-effective, and adaptable armaments industry in the United States;

(8) to achieve, with respect to armaments manufacturing, storage, maintenance, renovation, and demilitarization capacity, an optimum level of readiness of the national technology and industrial base within the United States that is consistent with the projected threats to the national security of the United States and the projected emergency requirements of the armed forces; and

(9) to encourage facility use contracting where feasible.

#### **10 USC Chapter 434 § 7553 – Armament Retooling and Manufacturing Support Initiative**

**(a) Authority for Initiative.**— The Secretary may carry out a program to be known as the “Armament Retooling and Manufacturing Support Initiative”.

**(b) Purposes.**— The purposes of the ARMS Initiative are as follows:

(1) To encourage commercial firms, to the maximum extent practicable, to use eligible facilities for commercial purposes.

(2) To increase the opportunities for small businesses (including socially and economically disadvantaged small business concerns and new small businesses) to use eligible facilities for those purposes.

(3) To maintain in the United States a work force having the skills necessary to meet industrial emergency planned requirements for national security purposes.

(4) To demonstrate innovative business practices, to support Department of Defense acquisition reform, and to serve as both a model and a laboratory for future defense conversion initiatives of the Department of Defense.

(5) To the maximum extent practicable, to allow the operation of eligible facilities to be rapidly responsive to the forces of free market competition.

(6) To reduce or eliminate the cost of Government ownership of eligible facilities, including the costs of operations and maintenance, the costs of environmental remediation, and other costs.

(7) To reduce the cost of products of the Department of Defense produced at eligible facilities.

(8) To leverage private investment at eligible facilities through long-term facility use contracts, property management contracts, leases, or other agreements that support and advance the policies and purposes of this chapter, for the following activities:

(A) Recapitalization of plant and equipment.

(B) Environmental remediation.

(C) Promotion of commercial business ventures.

- (D) Other activities approved by the Secretary.
- (9) To foster cooperation between the Department of the Army, property managers, commercial interests, and State and local agencies in the implementation of sustainable development strategies and investment in eligible facilities made available for purposes of the ARMS Initiative.
- (10) To reduce or eliminate the cost of asset disposal that would be incurred if property at an eligible facility was declared excess to the needs of the Department of the Army.
- (c) **Availability of Facilities.**— The Secretary may make any eligible facility available for the purposes of the ARMS Initiative.
- (d) **Consideration for Leases.**— Section 1302 of title 40 shall not apply to uses of property or facilities in accordance with the ARMS Initiative.
- (e) **Program Support.**—
  - (1) Funds appropriated for purposes of the ARMS Initiative may be used for administrative support and management.
  - (2) A full annual accounting of such expenses for each fiscal year shall be provided to the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on Armed Services and the Committee on Appropriations of the House of Representatives not later than March 30 of the following fiscal year.

## **10 USC Chapter 434 § 7554 – PROPERTY MANAGEMENT CONTRACTS AND LEASES**

- (a) **In General.**— In the case of each eligible facility that is made available for the ARMS Initiative, the Secretary -
  - (1) Shall make full use of facility use contracts, leases, and other such commercial contractual instruments as may be appropriate;
  - (2) Shall evaluate, on the basis of efficiency, cost, emergency mobilization requirements, and the goals and purposes of the ARMS Initiative, the procurement of services from the property manager, including maintenance, operation, modification, infrastructure, environmental restoration and remediation, and disposal of ammunition manufacturing assets, and other services; and
  - (3) May, in carrying out paragraphs (1) and (2) -
    - (A) Enter into contracts, and provide for subcontracts, for terms up to 25 years\*\*, as the Secretary considers appropriate and consistent with the needs of the Department of the Army and the goals and purposes of the ARMS Initiative; and
    - (B) Use procedures that are authorized to be used under section 2304(c)(5) of this title when the contractor or subcontractor is a source specified in law.
- (b) **Consideration for Use.**—
  - (1) To the extent provided in a contract entered into under this section for the use of property at an eligible facility that is accountable under the contract, the Secretary may accept consideration for such use that is, in whole or in part, in a form other than -
    - (A) rental payments; or
    - (B) revenue generated at the facility.
  - (2) Forms of consideration acceptable under paragraph (1) for a use of an eligible facility or any property at an eligible facility include the following:

- (A) The improvement, maintenance, protection, repair, and restoration of the facility, the property, or any property within the boundaries of the installation where the facility is located.
  - (B) Reductions in overhead costs.
  - (C) Reductions in product cost.
  - (D) The demilitarization and storage of conventional ammunition.
- (3) The authority under paragraph (1) may be exercised without regard to section 3302(b) of title 31 and any other provision of law.

**10 USC CHAPTER 434 § 7555 – ARMS Initiative LOAN GUARANTEE PROGRAM  
(THIS IS NO LONGER USED IN THE ARMS PROGRAM)**

**Recent changes to the ARMS legislation:**

\*2018 National Defense Authorization Act – 13 August 2018; Public Law 115-232, div. A, title VIII, §808(e)(4), (f)(1), 132 Stat. 1839, re-designated chapter 434 of this title as this chapter and items 4551- 4555 to 7551 - 7555. All documentation pertaining to this chapter remains unchanged.

**\*\*2016 National Defense Authorization Act – 25 November 2015: 10 U.S.C. Section 343  
SEC. 343. TEMPORARY AUTHORITY TO EXTEND CONTRACTS AND LEASES  
UNDER THE ARMS INITIATIVE.**

Contracts or subcontracts entered into pursuant to section 7554(a)(3)(A) of title 10, United States Code, on or before the date that is five years after the date of the enactment of this Act may include an option to extend the term of the contract or subcontract for an additional 25 years.