

# CRS Report for Congress

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## Defense Surplus Equipment Disposal: Background Information

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### Summary

The Department of Defense (DOD) has a policy for disposing of government equipment and supplies considered “surplus” for a different mission, or deemed unnecessary to the agency’s designated mission. The effort to dispose of surplus military equipment dates back to the end of World War II, when the federal government decided to reduce a massive inventory of surplus military equipment by making such equipment available to civilians.<sup>1</sup>

DOD identifies and disposes of approximately twenty billion dollars of military surplus/excess materiel annually - items ranging from desks and chairs to full weapons systems.<sup>2</sup> Surplus property can be reused, transferred, donated, or sold; potential recipients include law enforcement agencies, school systems, medical institutions, civic and community organizations, libraries, homeless assistance providers, state and local government agencies, and the public. About half of these 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>3</sup>

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<sup>1</sup> 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. For further information, see CRS Report RS20630, *Surplus Federal Property*, by Stephanie Smith, November 12, 2003, 2 p.

<sup>2</sup> The federal government classifies items by Federal Supply Class (FSC) Code, National Item Identification Number (NIIM); combining the two codes results in the National Stock Number (NSN). See [<http://www.governmentliquidation.com>].

<sup>3</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 Grimmett, December 20, 2002, 7 p.; CRS Report RS20428, *Excess Defense Articles: Grants and Sales to Allies and Friendly Countries*, by Richard Grimmett, January 10,

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# Report Documentation Page

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Under the Defense Logistics Agency (DLA), the Defense Reutilization and Marketing Service (DRMS) is charged with the disposal of surplus and excess defense equipment and supplies. Headquartered in Battle Creek, Michigan, with a total work force of 1,600 civilians and 14 military personnel, DRMS has offices in 39 states and two territories (Guam and Puerto Rico) and has disposal specialists in 12 foreign countries, providing support at 26 major U.S. military installations around the world.<sup>4</sup>

In June 2001, DRMS awarded a seven-year contract to Surplus Acquisition Venture, LLC, for the exclusive right to sell military surplus items. Under the terms of the contract, the company has established Government Liquidation, LLC as the purchaser and reseller for aircraft parts, vehicles, clothing and textiles, medical items, furniture, commercial kitchen equipment, and other items.<sup>5</sup>

## Controlling Legal Authority

Authority for the disposal of surplus defense property can be found in public law at 10 U.S.C. 381, P.L. 94-519, which amends the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484), P.L. 107-117, and in DOD Manual 4160.21, which can be accessed at [<http://www.drms.dla.mil/pubs>].

## Legislative Initiatives in the 108<sup>th</sup> Congress

Section 1052 of H.R. 1588, the FY2004 National Defense Appropriations Act (P.L. 108-136), gives authority to the Secretary of any military department to lend or give books, manuscripts, works of art, historical artifacts, drawings, plans, models and condemned or obsolete combat materiel to certain organizations, and to exchange such items that are not needed for certain items and services, and under certain conditions.<sup>6</sup>

## 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,” 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,

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<sup>3</sup> (...continued)

2000, 6 p., and CRS Report RL31686, *Demilitarization of Significant Military Equipment*, by Valerie Bailey Grasso, updated March 10, 2003, 15 p.

<sup>4</sup> For answers to questions about the disposal of government surplus property, contact DRMS at 1-888-352-9333, or on the internet at [<http://wex.drms.dla.mil>].

<sup>5</sup> For customer service, see [<http://www.governmentliquidation.com>], or call 1-480-609-3281.

<sup>6</sup> 10 U.S.C. Section 2572. Documents, Historical Artifacts, and Condemned or Obsolete Combat Materiel: Loan, Gift, or Exchange.

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). 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, contact your State Agency for Surplus Property Program.

**Fire-Fighting Support Program.** The Federal Excess Personal Property (FEPP) Program, administered through the U.S. Department of Agriculture’s Forest Service, provides equipment to state and territorial forestry programs for wildland and rural firefighting.<sup>7</sup>

**Public Sales.** Property not reused by DOD, 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 a number of special programs which may assist organizations which fail to qualify for DRMS property as a DOD, federal, or donation customer. Such programs include (but are not limited to) services for humanitarian assistance programs, museums, certain educational institutions, National Guard and Senior Resource Officer Training Corps units, and the Civil Air Patrol.<sup>8</sup>

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

<sup>8</sup> For further information, see [<http://www.drms.dla.mil/rtd03/specialprograms.htm>].