

Enabling Legislation for the
Armament Retooling & Manufacturing Support (ARMS) Initiative
10 USC CHAPTER 434

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SECTION 4551 - 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.

SECTION 4552 - 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.

SECTION 4553 – 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.

SECTION 4554 – Property Management Contracts & 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 302(b) of title 31 and any other provision of law.

[EDITOR NOTE: The 2016 National Defense Authorization Act, dated 25 November 2015, introduced a significant change to the ARMS Legislation, effectively extending the maximum lease duration to 50 years, as follows:

SEC. 343. TEMPORARY AUTHORITY TO EXTEND CONTRACTS AND LEASES UNDER THE ARMS INITIATIVE.

Contracts or subcontracts entered into pursuant to section 4554(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.]

SECTION 4555 – ARMS Initiative Loan Guarantee Program

[EDITOR NOTE: This section is being provided as part of the original legislation, although it is no longer in use by the ARMS Program.]

(a) Program Authorized.— Subject to subsection (b), the Secretary may carry out a loan guarantee program to encourage commercial firms to use eligible facilities under this chapter. Under any such program, the Secretary may guarantee the repayment of any loan made to a commercial firm to fund, in whole or in part, the establishment of a commercial activity to use an eligible facility under this chapter.

(b) Advanced Budget Authority.— Loan guarantees under this section may not be committed except to the extent that appropriations of budget authority to cover their costs are made in advance, as required by section 504 of the Federal Credit Reform Act of 1990 ([2 U.S.C. 661c](#)).

(c) Program Administration.—

(1) The Secretary may enter into an agreement with any of the officials named in paragraph (2) under which that official may, for the purposes of this section—

(A) process applications for loan guarantees;

(B) guarantee repayment of loans; and

(C) provide any other services to the Secretary to administer the loan guarantee program.

(2) The officials referred to in paragraph (1) are as follows:

(A) The Administrator of the Small Business Administration.

(B) The head of any appropriate agency in the Department of Agriculture, including—

(i) the Administrator of the Farmers Home Administration; and

(ii) the Administrator of the Rural Development Administration.

(3) Each official authorized to do so under an agreement entered into under paragraph (1) may guarantee loans under this section to commercial firms of any size, notwithstanding any limitations on the size of applicants imposed on other loan guarantee programs that the official administers.

(4) To the extent practicable, each official processing loan guarantee applications under this section pursuant to an agreement entered into under paragraph (1) shall use the same processing procedures as the official uses for processing loan guarantee applications under other loan guarantee programs that the official administers.

(d) Loan Limits.— The maximum amount of loan principal guaranteed during a fiscal year under this section may not exceed—

(1) \$20,000,000, with respect to any single borrower; and

(2) \$320,000,000 with respect to all borrowers.

(e) Transfer of Funds.— The Secretary may transfer to an official providing services under subsection (c), and that official may accept, such funds as may be necessary to administer the loan guarantee program under this section.