

(2) indicate whether the inventory of each item is sufficient or excessive in relation to the needs of the Department for that item; and

(3) permit the Secretary of Defense to include in the budget submitted to Congress under section 1105 of title 31 for each fiscal year, information relating to—

(A) the amounts proposed for each appropriation account in such budget for inventory purchases of the Department of Defense; and

(B) the amounts obligated for such inventory purchases out of the corresponding appropriations account for the preceding fiscal year.

(Aug. 10, 1956, ch. 1041, 70A Stat. 152, §2701; renumbered §2721, Pub. L. 99-499, title II, §211(a)(1)(A), Oct. 17, 1986, 100 Stat. 1719; amended Pub. L. 101-510, div. A, title XIII, §1322(a)(12), Nov. 5, 1990, 104 Stat. 1671; Pub. L. 102-190, div. A, title III, §347(b), title X, §1061(a)(17)(A), Dec. 5, 1991, 105 Stat. 1347, 1473.)

HISTORICAL AND REVISION NOTES

Revised section	Source (U.S. Code)	Source (Statutes at Large)
2701(a)	5:1721 (less last sentence).	July 26, 1947, ch. 343, §410; added Aug. 10, 1949, ch. 412, §11(410), 63 Stat. 590.
2701(b)	5:1721 (last sentence).	

In subsection (a), the words “equipment” and “materials” are omitted, since the word “supplies”, as defined in section 101(26) of this title, includes equipment and materials. The word “stored” is substituted for the words “held in store by the armed services”.

In subsection (b), the words “on property records maintained under this section” are substituted for the word “thereon”.

AMENDMENTS

1991—Pub. L. 102-190, §1061(a)(17)(A), substituted section catchline for one which read “Basis: reports”.

Pub. L. 102-190, §347(b), designated existing provisions as subsec. (a) and added subsec. (b).

1990—Pub. L. 101-510 struck out “(a)” before “Under regulations” and struck out subsec. (b) which read as follows: “The Secretary shall report once a year to Congress and the President on property records maintained under this section.”

IMPLEMENTATION OF 1991 AMENDMENT

Pub. L. 102-190, div. A, title III, §347(c), Dec. 5, 1991, 105 Stat. 1347, provided that: “The Secretary of Defense shall establish the uniform system of valuation described in section 2458(a)(3) of title 10, United States Code (as added by subsection (a)), and prescribe the regulations required by section 2721(b) of such title (as added by subsection (b)), not later than 180 days after the date of the enactment of this Act [Dec. 5, 1991].”

INVENTORY INVESTIGATIONS

Pub. L. 100-456, div. A, title III, §343, Sept. 29, 1988, 102 Stat. 1961, provided that:

“(a) UNDERCOVER INVESTIGATIONS.—(1) Congress finds that the use of undercover investigative techniques by the Department of Defense enhances the ability of the Department of Defense to detect and investigate theft of Government property (including munitions) from the Department of Defense supply system.

“(2) The Secretary of Defense is urged to continue to conduct undercover investigations to detect and investigate thefts referred to in paragraph (1).

“(b) INVENTORY SECURITY INCIDENT REPOSITORY.—The Secretary of Defense shall establish and maintain a centralized computer system for recording and organiz-

ing information on theft, fraud, and breach of security and incidents involving the loss of Department of Defense supplies (including munitions).”

§ 2722. Theft or loss of ammunition, destructive devices, and explosives: report to Secretary of the Treasury

(a) IN GENERAL.—The Secretary of Defense shall report the theft or other loss of any ammunition, destructive device, or explosive material from the stocks of the Department of Defense to the Secretary of the Treasury within 72 hours, if possible, after the discovery of such theft or loss.

(b) EXCLUSION FOR CERTAIN ITEMS.—The Secretary of Defense may exclude from the reporting requirement under subsection (a) any item referred to in that subsection if—

(1) the Secretary determines that the item represents a low risk of danger to the public and would be of minimal utility to any person who may illegally receive such item; and

(2) the exclusion of such item is specified as being excluded from the reporting requirement in a memorandum of agreement between the Secretary of Defense and the Secretary of the Treasury.

(c) DEFINITIONS.—In this section:

(1) The term “explosive material” means explosives, blasting agents, and detonators.

(2) The terms “destructive device” and “ammunition” have the meanings given those terms by paragraphs (4) and (17), respectively, of section 921(a) of title 18.

(Added Pub. L. 100-456, div. A, title III, §344(a), Sept. 29, 1988, 102 Stat. 1961; amended Pub. L. 109-364, div. A, title X, §1071(a)(24), Oct. 17, 2006, 120 Stat. 2399.)

AMENDMENTS

2006—Subsec. (c)(2). Pub. L. 109-364 substituted “921(a)” for “921”.

EFFECTIVE DATE

Pub. L. 100-456, div. A, title III, §344(c), Sept. 29, 1988, 102 Stat. 1962, provided that: “The amendment made by subsection (a) [enacting this section] shall take effect with respect to thefts and losses discovered more than 180 days after the date of the enactment of this Act [Sept. 29, 1988].”

§ 2723. Notice to congressional committees of certain security and counterintelligence failures within defense programs

(a) REQUIRED NOTIFICATION.—The Secretary of Defense shall submit to the Committees on Armed Services of the Senate and House of Representatives a notification of each security or counterintelligence failure or compromise of classified information relating to any defense operation, system, or technology of the United States that the Secretary considers likely to cause significant harm or damage to the national security interests of the United States. The Secretary shall consult with the Director of National Intelligence and the Director of the Federal Bureau of Investigation, as appropriate, before submitting any such notification.

(b) MANNER OF NOTIFICATION.—Notification of a failure or compromise of classified information under subsection (a) shall be provided, in