

unified credit against the Gift and Estate Taxes, or to defer estate tax payments over a period of time; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the Speaker of the United States House of Representatives, the President of the United States Senate, the Secretary of the Treasury of the United States and to each member of Congress from Pennsylvania.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STEVENS, from the Committee on Appropriations, without amendment:

S. 1004. An original bill making appropriations for energy and water development for the fiscal year ending September 30, 1998, and for other purposes (Rept. No. 105-44).

S. 1005. An original bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes (Rept. No. 105-45).

By Mr. STEVENS, from the Committee on Appropriations:

Special report entitled "Revised Allocation to Subcommittees of Budget Totals from the Concurrent Resolution for Fiscal Year 1998" (Rept. No. 105-46).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. SHELBY, from the Select Committee on Intelligence:

George John Tenet, of Maryland, to be Director of Central Intelligence.

(The above nomination was reported with the recommendation that he be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. HATCH, from the Committee on the Judiciary:

Anthony W. Ishii, of California, to be United States District Judge for the Eastern District of California.

Henry Harold Kennedy, Jr., of the District of Columbia, to be United States District Judge for the District of Columbia.

Katharine Sweeney Hayden, of New Jersey, to be United States District Judge for the District of New Jersey.

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ROBERTS (for himself and Mr. BROWNBACK):

S. 1000. A bill to designate the United States courthouse at 500 State Avenue in Kansas City, Kansas, as the "Robert J. Dole United States Courthouse"; to the Committee on Environment and Public Works.

By Mr. SMITH of New Hampshire (for himself and Mr. GREGG):

S. 1001. A bill to amend title 31, United States Code, to address the failure to appropriate sufficient funds to make full pay-

ments in lieu of taxes under chapter 69, of that title by exempting certain users of the National Forest System from fees imposed in connection with the use; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. ABRAHAM (for himself, Mr. FAIRCLOTH, Mr. SESSIONS, Mr. HUTCHINSON, Mr. DEWINE, Mr. COATS, Mr. ASHCROFT, Mr. COVERDELL, Mr. SMITH of New Hampshire, Mr. NICKLES, and Mr. HELMS):

S. 1002. A bill to require Federal agencies to assess the impact of policies and regulations on families, and for other purposes; to the Committee on Governmental Affairs.

By Mr. GRASSLEY (for himself, Mr. D'AMATO, Mrs. FEINSTEIN, Mr. HUTCHINSON, Mr. GRAHAM, Mr. HAGEL, Mr. STEVENS, Mr. THURMOND, and Mr. FAIRCLOTH):

S. 1003. A bill to amend chapter 53 of title 31, United States Code, to require the development and implementation by the Secretary of the Treasury of a national money laundering and related financial crimes strategy to combat money laundering and related financial crimes, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. DOMENICI:

S. 1004. An original bill making appropriations for energy and water development for the fiscal year ending September 30, 1998, and for other purposes; from the Committee on Appropriations; placed on the calendar.

By Mr. STEVENS:

S. 1005. An original bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes; from the Committee on Appropriations; placed on the calendar.

By Mr. AKAKA (for himself and Mr. INOUE):

S. 1006. A bill to authorize appropriations for the expansion of the columbarium of the National Memorial Cemetery of the Pacific; to the Committee on Veterans Affairs.

By Mr. CHAFEE (by request):

S. 1007. A bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to reduce the costs of disaster relief and emergency assistance, and for other purposes; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. ROTH:

S. Con. Res. 38. A concurrent resolution to state the sense of the Congress regarding the obligations of the People's Republic of China under the Joint Declaration and the Basic Law to ensure that Hong Kong remains autonomous, the human rights of the people of Hong Kong remain protected, and the government of the Hong Kong SAR is elected democratically; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROBERTS (for himself and Mr. BROWNBACK):

S. 1000. A bill to designate the United States courthouse at 500 State Avenue in Kansas City, KS, as the "Robert J. Dole United States Courthouse"; to the Committee on Environment and Public Works.

ROBERT J. DOLE UNITED STATES COURTHOUSE

Mr. ROBERTS. Mr. President, I have the great pleasure of introducing legislation, along with my colleague, Senator BROWNBACK, to name the U.S. Courthouse at 500 State Avenue in Kansas City, KS, as the Robert J. Dole U.S. Courthouse. I think all of our colleagues know that although our esteemed former colleague has received scores of honors, I am pleased to lead the Kansas congressional delegation in naming this courthouse after Bob because it reflects his common sense and honest work in the U.S. Senate not only nationally but also in regard to Kansas.

Senator Dole's career on behalf of the State of Kansas is well-known—State Representative, Russell County attorney, Congressman of Kansas' big First Congressional District from 1961 to 1969, and Senator from 1969 to 1996. When Senator Dole stepped down from the Senate last year as Kansas' great senior Senator and longest-serving Republican majority leader, he showed determination and courage in his all-out effort to win the 1996 Presidential election.

Although being majority leader cast Senator Dole as a national political figure, forcing him to tackle every single issue before the Congress, he never stopped his tireless work on behalf of Kansans in all 105 counties. There was no inside the beltway for Bob Dole; it was inside the Sunflower State. If you travel into any Kansas community, be it Wichita or Wakeeney and ask a resident about Bob Dole, they will easily recall his care about their concerns. Kansans will tell you of getting the Social Security check delivered quicker or inserting some provision in legislation for a public works project that made a lot of sense and was a taxpayer investment. Whenever national disasters struck, Kansas Senator Dole also alerted the appropriate Federal disaster relief officials and personally tried to alleviate the emotional and the physical damage from tornadoes, droughts and floods.

Throughout Kansas, Senator Dole was always available. He listened and learned from farmers, soccer moms, businessmen, and children. The issues were as diverse as Kansas itself—economic development needs of our State urban areas like Kansas City, or a farmer's desire for higher grain prices and safer roads for drivers and transportation.

Mr. President, the Federal courthouse at 500 State Avenue in Kansas City, KS, is an example of Senator Dole's leadership in Kansas. He, with the support of a bipartisan group of local elected officials and community leaders, succeeded in keeping the courthouse in downtown Kansas City, KS. Now, this Federal presence has served to revitalize the neighborhoods. In fact, on Tuesday, another key component of his interest in Kansas City, KS, to this development effort was

started through the groundbreaking of the new Federal building across the street from the courthouse to house the EPA region VII offices.

This was very typical of Bob Dole. He reached out to local Democrats, Republicans, and Independents. No matter that Senator Dole was a Republican, Kansas City, KS, and Wyandotte County Democrats deeply appreciated his efforts not only on the Federal courthouse but on other matters such as the Federal response to the flood of 1993.

Realizing that the former Federal courthouse would be vacated for the new courthouse and would become excess Federal property, Senator Dole worked with local officials and the GSA to ensure that the former courthouse would be transferred to Wyandotte County so they could use it for additional judicial space. This saved Wyandotte County and the taxpayer a great deal of money.

This U.S. courthouse represents the State of Kansas' efficient use of land and labor. The building was designed in a contemporary judicial style and is intended to be a model for future Federal court buildings. As part of this style, cost savings features were used such as precast concrete instead of a natural stone facade, combined with energy efficient double-glazed aluminum frame windows. It is clear that Senator Dole's perseverance to reduce our Federal spending was applied in this courthouse. This design reduced costs and increased efficiency unlike other Federal courthouses that have Cadillac courtrooms and exceeded their budgets.

Mr. President, this Federal courthouse has 165,000 square feet of office space. I am proud to let my colleagues know that its budget was \$40,868,000. But the finished cost was \$34 million. That is right, a Federal project was actually finished for less than its budget, \$6.7 million to be exact. While the primary role for this building is for the Federal judicial process, other agencies such as the U.S. Marshal, the Peace Corps and Congressman VINCE SNOWBARGER, also utilize this office space in the courthouse.

Mr. President, Senator BROWNBACK joins me in asking that the Environmental and Public Works Committee act expeditiously on this bill before the August recess.

I ask unanimous consent to have the bill printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 1001

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF ROBERT J. DOLE UNITED STATES COURTHOUSE

The United States courthouse at 500 State Avenue in Kansas City, Kansas, shall be known and designated as the "Robert J. Dole United States Courthouse".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be

a reference to the "Robert J. Dole United States Courthouse".

Mr. THURMOND. Mr. President, I thank the able Senator from Kansas. The name of the courthouse for Bob Dole is purely a Kansas matter, but I just want to say that no finer person in the United States deserves a courthouse or any other building named for him than Bob Dole. He is a great American. He has rendered this country great service. He was an outstanding leader here in the Senate for many years. We are all proud of him and we will be delighted to have a courthouse named for him.

By Mr. SMITH of New Hampshire (for himself and Mr. GREGG):

S. 1001. A bill to amend title 31, United States Code, to address the failure to appropriate sufficient funds to make full payments in lieu of taxes under chapter 69, of that title by exempting certain users of the National Forest System from fees imposed in connection with the use; to the Committee on Agriculture, Nutrition, and Forestry.

THE LOCAL FOREST USER FAIRNESS ACT

Mr. SMITH of New Hampshire. Mr. President, I take the floor today to introduce the Local Forest User Fairness Act with my colleague Senator GREGG. This legislation would allow residents of counties where U.S. Forest Service land is situated to recreate in the forest without paying a user fee. The introduction of this bill was prompted by the recent institution of recreational user fees in certain national forests across the country, one of those being the White Mountain National Forest in New Hampshire.

While I am not opposed to user fees per se, I do have some concerns in this instance because of the potential for double taxation and inequitable treatment for local residents. Those areas where the Federal Government owns much of the land suffer from a diminished property tax base to fund schools and other necessary social needs. To address this inequity, Congress passed the Payments in Lieu of Taxes, or PILT, program in 1976 which partially reimburses local units of government for their loss of property tax revenue due to the U.S. Forest Service's ownership of local land. Unfortunately, this program has not been fully funded for a number of years.

This bill provides that until the PILT program is fully funded to its authorized level, local residents recreating in the forest would be exempt from paying user fees. In New Hampshire, this would apply to all residents of Coos, Grafton, and Carroll Counties. For these areas, the shortfall in PILT payments for fiscal year 1996 was nearly \$250,000, providing only 68 percent of what was owed to them. Because of this shortfall, county and municipal governments are forced to find much needed revenue elsewhere, including increased property taxes. It is simply unfair to charge these communities with using the White Mountains when they are already subsidizing the forest.

I believe the Local Forest User Fairness Act provides for a reasonable, fair way of dealing with this inequity. Our proposed exemption would not be necessary, of course, if the Federal Government were to fully fund the PILT program and provide adequate funding for Forest Service management—initiatives that I strongly support.

In conclusion, Mr. President, I want to commend my other New Hampshire colleague, Congressman BASS, for developing and introducing this legislation in the House. Together, I hope we can establish a more equitable situation for our constituents who live, work, and play in or near our national forests. I now ask unanimous consent that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1001

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Local Forest User Fairness Act".

SEC. 2. LOCAL EXEMPTIONS FROM FOREST SERVICE USER FEES DUE TO LESS THAN FULL FUNDING OF PAYMENTS IN LIEU OF TAXES.

(a) FINDINGS.—Congress finds that—

(1) the Federal Government provides payments in lieu of taxes under chapter 69 of title 31, United States Code, to compensate units of general local government whose tax base is diminished by Federal ownership of lands, including Federal lands in the National Forest System administered by the Forest Service;

(2) amounts appropriated to provide payments in lieu of taxes under that chapter have been significantly less than the amounts necessary to comply fully with the payment formulas contained in that chapter; and

(3) by failing to fully fund payments in lieu of taxes to units of general local government whose jurisdictions contain Federal lands, including National Forest System lands, the Federal Government is increasing the tax burden on local property owners.

(b) NATIONAL FOREST USER FEE EXEMPTION.—Section 6906 of title 31, United States Code, is amended—

(1) by inserting "(a) IN GENERAL.—" before "Necessary"; and

(2) by adding at the end the following:

"(b) LOCAL EXEMPTIONS FROM USER FEES DUE TO INSUFFICIENT APPROPRIATIONS.—

"(1) IN GENERAL.—Unless sufficient funds are appropriated for a fiscal year to provide full payments under this chapter to each unit of general local government eligible for the payments, persons residing within the boundaries of that unit of general local government shall be exempt during that fiscal year from any recreational user fees imposed by the Secretary of Agriculture for access to units of the National Forest System that lie, in whole or in part, within the boundaries.

"(2) ADMINISTRATION.—The Secretary of Agriculture shall establish a method for identifying and exempting persons covered by this subsection from the user fees."

By Mr. GRASSLEY (for himself, Mr. D'AMATO, Mrs. FEINSTEIN, Mr. HUTCHINSON, Mr. GRAHAM, Mr. HAGEL, Mr. STEVENS, Mr. THURMOND and Mr. FAIRCLOTH):

S. 1003. A bill to amend chapter 53 of title 31, United States Code, to require the development and implementation by the Secretary of the Treasury of a national money laundering and related financial crimes strategy to combat money laundering and related financial crimes, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE MONEY LAUNDERING AND FINANCIAL
CRIMES STRATEGY ACT OF 1997

Mr. GRASSLEY. Mr. President, we must be sure that we are taking the necessary steps to protect the citizens of our nation by preventing drug traffickers, organized crime and terrorist groups from obtaining the profits of their illegal activities. Much has been done and said about the movement of illegal drugs into the United States or terrorists acts against our country. But the opposite side of the business—getting the profits from drug sales and other illegal enterprises out of the country and back into the hands of the criminal organizations—does not get as much publicity and is just as important.

In an effort to strike another blow to drug traffickers and criminals who prey on our citizens by their ill-gotten gains, today I, in conjunction with Senator D'AMATO, am introducing companion legislation to H.R. 1756, the Money Laundering and Financial Crimes Strategy Act of 1997. This legislation will authorize the Secretary of the Treasury, in consultation with the Attorney General and other relevant agencies, to coordinate and implement a national strategy to address the exploitation of our Nation's payment systems to facilitate money laundering and related financial crimes. The strategy will enhance and expand the Secretary's authority to ascertain criminal activity directed at our Nation's financial systems, determine the threat posed to the integrity of such systems, and develop regulatory and law enforcement initiatives to respond. The bill will hit the criminals where they feel it the most—in their pocketbooks. By implementing a strategy on a national level, hundreds of communities across our country will no longer be held hostage by these criminal enterprises.

As we know, money laundering involves disguising financial assets so they can be used without detection of the illegal activity that produced them. Through money laundering, the criminal transforms the monetary proceeds derived from the criminal activity into funds with an apparently legal source. Money laundering provides the resources from drug dealers, terrorists, arms dealers, and other criminals to operate and expand their criminal enterprises. Today, experts estimate that money laundering has grown into a \$500 billion problem worldwide.

A significant component of this strategy will involve defining specific criminal activity affecting geographic areas, payment systems and financial

institutions, that are considered to have a high potential to be abused by criminal organizations. These high risk money laundering zones will then be targeted for specific action, whether it is specific law enforcement operations, preventative efforts to insulate entire payment systems, or industry sectors from being exploited by criminal elements. This legislation will help provide assistance to localities for example, state and local prosecutors and law enforcement officials in the form of federal financial crimes grants to any area designated as a "High Risk Money Laundering Zone."

I would also like to thank my colleagues, Senators DIANNE FEINSTEIN, TED STEVENS, TIM HUTCHINSON, BOB GRAHAM, CHUCK HAGEL, and LAUCH FAIRCLOTH, for joining in cosponsoring this bi-partisan legislation. Working together, we need to tighten up our financial control capabilities to prevent criminal enterprises from abusing our financial and banking systems. I hope this legislation will be the beginning of a serious effort by Congress to impact the growing threat of money laundering not only to our Nation, but worldwide.

Mr. President, I ask unanimous consent that I have a copy of my legislation printed in the RECORD.

Mr. President, I would like to add Senator STROM THURMOND as cosponsor of that legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1003

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Money Laundering and Financial Crimes Strategy Act of 1997".

SEC. 2. MONEY LAUNDERING AND RELATED FINANCIAL CRIMES.

(a) IN GENERAL.—Chapter 53 of title 31, United States Code is amended by adding at the end the following new subchapter:

"Subchapter III—Money Laundering and Related Financial Crimes

"SEC. 5341. DEFINITIONS.

"For purposes of this subchapter, the following definitions shall apply:

"(1) DEPARTMENT OF THE TREASURY LAW ENFORCEMENT ORGANIZATIONS.—The term 'Department of the Treasury law enforcement organizations' has the meaning given to such term in section 9703(p)(1).

"(2) MONEY LAUNDERING AND RELATED FINANCIAL CRIME.—The term 'money laundering and related financial crime' means an offense under this subchapter, chapter II of title I of Public Law 91-508 (12 U.S.C. 1951, et seq.; commonly referred to as the 'Bank Secrecy Act'), or section 1956, 1957, or 1960 of title 18 or any related Federal, State, or local criminal offense.

"(3) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.

"(4) STRATEGY.—The term 'Strategy' means the National Strategy for Combating Money Laundering and Related Financial Crimes developed in accordance with section 5342.

"SEC. 5342. NATIONAL MONEY LAUNDERING AND RELATED FINANCIAL CRIMES STRATEGY.

"(a) DEVELOPMENT AND SUBMISSION TO CONGRESS.—

"(1) DEVELOPMENT.—The President, acting through the Secretary, shall coordinate and develop a National Strategy for Combating Money Laundering and Related Financial Crimes (hereafter in this section referred to as the 'Strategy').

"(2) SUBMISSION TO CONGRESS.—On February 1 of fiscal years 1999 through 2003, the Secretary shall submit the Strategy to Congress in written form, in accordance with this subchapter.

"(3) SEPARATE PRESENTATION OF CLASSIFIED MATERIAL.—Any part of the Strategy that involves information which is properly classified under criteria established by Executive order shall be submitted to Congress separately.

"(4) CONTENTS.—Each Strategy submitted under paragraph (2) shall include—

"(A) comprehensive, research-based, quantifiable goals for reducing money laundering and related financial crime in the United States;

"(B) 3-year budget projections for program and budget priorities to implement the Strategy;

"(C) a review of State and local strategies to control money laundering and other financial crimes to ensure that the United States pursues well-coordinated and effective money laundering and other financial crime controls at all levels of Government;

"(D) a description of existing operational initiatives to improve detection of money laundering and related financial crimes;

"(E) a description of the actions taken by the Secretary to achieve an enhanced partnership between the private financial sector and law enforcement agencies, as required under subsection (b)(3);

"(F) a description of—

"(i) cooperative efforts between the Federal Government and State and local officials, including State and local prosecutors and other law enforcement officials; and

"(ii) cooperative efforts among the several States and between State and local officials, including State and local prosecutors and other law enforcement officials, for financial crimes control which could be utilized or should be encouraged;

"(G) a complete assessment of how the proposed budget is intended to implement the Strategy, and whether the funding levels contained in the proposed budget are sufficient to implement the Strategy;

"(H) the level of compatibility of automated information systems, including the ease of access of the Federal Government and State and local governments to timely, accurate, and complete information;

"(I) a list of persons or officers consulted by the Secretary pursuant to subsection (c); and

"(J) any other information necessary for the purpose of developing and analyzing data in order to ascertain financial crime trends.

"(b) DEVELOPMENT OF STRATEGY.—The Strategy shall address any area that the President, acting through the Secretary, considers appropriate, including the following:

"(1) GOALS, OBJECTIVES, AND PRIORITIES.—Comprehensive, research-based goals, objectives, and priorities for reducing money laundering and related financial crime in the United States.

"(2) PREVENTION.—Coordination of regulatory and other efforts to prevent the exploitation of financial systems in the United States for money laundering and related financial crimes, including a requirement that the Secretary shall—

“(A) regularly review enforcement efforts under this subchapter and other provisions of law and, when appropriate, modify existing regulations or prescribe new regulations for purposes of preventing such criminal activity; and

“(B) coordinate prevention efforts and other enforcement action with the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, the Federal Trade Commission, other Federal banking agencies, and the National Credit Union Administration Board.

“(3) ENHANCEMENT OF ROLE OF PRIVATE FINANCIAL SECTOR IN PREVENTION.—The Secretary shall pursue an enhanced partnership between the private financial sector and law enforcement agencies with regard to the prevention and detection of money laundering and related financial crimes, including providing incentives to strengthen internal controls and to adopt on an industrywide basis more effective policies.

“(4) DESIGNATED AREAS.—A description of geographical areas designated as ‘high-risk money laundering and related financial crime areas’ in accordance with section 5343.

“(5) DATA REGARDING TRENDS IN MONEY LAUNDERING AND RELATED FINANCIAL CRIMES.—The need for additional information necessary for the purpose of developing and analyzing data in order to ascertain financial crime trends.

“(6) IMPROVED COMMUNICATIONS SYSTEMS.—The compatibility of automated information and facilitating access of the Federal Government and State and local governments to timely, accurate, and complete information, and what steps may be necessary to improve such access.

“(c) CONSULTATIONS.—In developing the Strategy, the Secretary shall consult with—

“(1) law enforcement organizations of the Department of the Treasury involved in the detection, prevention, and suppression of money laundering and related financial crimes;

“(2) the Attorney General;

“(3) the Board of Governors of the Federal Reserve System, the National Credit Union Administration Board, and other Federal banking agencies;

“(4) State and local officials, including State and local prosecutors;

“(5) the Securities and Exchange Commission;

“(6) the Commodities and Futures Trading Commission;

“(7) to the extent appropriate, State and local officials responsible for financial institution and financial market regulation;

“(8) any other State or local government authority, to the extent appropriate;

“(9) any other Federal Government authority or instrumentality, to the extent appropriate; and

“(10) representatives of the private financial services sector, to the extent appropriate.

“SEC. 5343. HIGH-RISK MONEY LAUNDERING AND RELATED FINANCIAL CRIME AREAS.

“(a) FINDINGS AND PURPOSE.—

“(1) FINDINGS.—The Congress finds that—

“(A) money laundering and related financial crimes frequently appear to be concentrated in particular geographic areas, financial systems, industry sectors, or financial institutions; and

“(B) while the Secretary has the responsibility to act with regard to Federal offenses committed in a particular locality or are directed at a single institution, because modern financial systems and institutions are interconnected to a great degree, money laundering and other related financial crimes are likely to have local, State, national, and international effects wherever they are committed.

“(2) PURPOSE AND OBJECTIVE.—The purpose of this section is to provide a mechanism for designating any area where money laundering or a related financial crime appears to be occurring at a higher than average rate, such that—

“(A) a comprehensive approach to the problem of such crime in such area can be developed, in cooperation with State and local law enforcement agencies, which utilizes the authority of the Secretary to prevent such activity; or

“(B) the area can be targeted for law enforcement action.

“(b) ELEMENT OF NATIONAL STRATEGY.—The designation of certain areas as areas in which money laundering and related financial crimes are extensive or present a substantial risk shall be an element of the Strategy developed pursuant to section 5342.

“(c) DESIGNATION OF AREAS.—

“(1) DESIGNATION BY SECRETARY.—The Secretary, after taking into consideration the factors specified in subsection (d), shall designate any geographical area, industry, sector, or institution in the United States in which money laundering and related financial crimes are extensive or present a substantial risk as a ‘high-risk money laundering and related financial crimes area’.

“(2) SPECIFIC INITIATIVES.—Any head of a department, bureau, or law enforcement agency, including any State or local prosecutor, involved in the detection, prevention, and suppression of money laundering and related financial crimes and any State or local official or prosecutor may submit a written request for the designation of any area as a high-risk money laundering and related financial crimes area.

“(3) CASE-BY-CASE DETERMINATION.—In addition to the factors specified in subsection (d), a designation of any area under this subsection shall be made on the basis of a determination by the Secretary that the particular area, industry, sector, or institution is being victimized by, or is particularly vulnerable to, money laundering and related financial crimes.

“(d) FACTORS.—In designating an area as a high-risk money laundering and related financial crimes area under this section, the Secretary shall, to the extent appropriate, take into account—

“(1) the population of the area;

“(2) the number of bank and nonbank financial institution transactions that originate in such area or involve institutions located in such area;

“(3) the number of stock or commodities transactions that originate in such area or involve institutions located in such area;

“(4) whether the area is a key transportation hub with any international ports or airports or an extensive highway system;

“(5) whether the area is an international center for banking or commerce;

“(6) the extent to which financial crimes and financial crime-related activities in such area are having a harmful impact in other areas of the country;

“(7) the number or nature of requests for information or analytical assistance that—

“(A) are made to the analytical component of the Department of the Treasury; and

“(B) originate from law enforcement or regulatory authorities located in such area, or involve institutions or businesses located in such area or residents of such area;

“(8) whether the area is or has been the subject of active money laundering investigations;

“(9) the volume or nature of suspicious activity reports originating in the area;

“(10) the volume or nature of currency transaction reports or reports of cross-border movements of currency or monetary instruments originating in the area;

“(11) whether, and how often, the area has been the subject of a geographical targeting order under section 5326 before being considered for such designation;

“(12) observed changes in trends and patterns of money laundering activity;

“(13) unusual patterns, anomalies, growth, or other changes in the volume or nature of core economic statistics or indicators;

“(14) statistics or indicators of unusual or unexplained volumes of cash transactions;

“(15) unusual patterns, anomalies, or changes in the volume or nature of transactions conducted through financial institutions operating within or outside the United States;

“(16) the extent to which State and local governments and State and local law enforcement agencies have committed resources to respond to the financial crime problem in the area and the degree to which the commitment of such resources reflects a determination by such government and agencies to address the problem aggressively;

“(17) the extent to which a significant increase in the allocation of Federal resources to combat financial crimes in such area is necessary to provide an adequate State and local response to financial crimes and financial crime-related activities in such area; and

“(18) such other factors as the Secretary considers relevant.

“SEC. 5344. ASSISTANCE FOR FIGHTING MONEY LAUNDERING AND RELATED FINANCIAL CRIMES.

“(a) GRANT PROGRAM AUTHORIZED.—

“(1) IN GENERAL.—After the end of the 1-year period beginning on the date on which the first Strategy is submitted to the Congress in accordance with section 5342, the Secretary may review, select, and award grants in accordance with this subchapter from among applications submitted under paragraph (2) to State or local law enforcement agencies and prosecutors in an area designated as a high-risk money laundering and related financial crimes area under section 5343. Such grants shall be used to provide funding necessary to investigate and prosecute money laundering and related financial crimes in those areas.

“(2) APPLICATION PROCESS.—The Secretary shall award grants under this subchapter upon receipt of written application, in accordance with such terms and procedures as the Secretary may establish.

“(3) SPECIAL PREFERENCE.—In awarding grants under this subsection, special preference shall be given to applicants that represent collaborative efforts of 2 or more State and local law enforcement agencies or prosecutors who have a history of Federal, State, and local cooperative law enforcement and prosecutorial efforts in responding to such criminal activity.

“(b) OTHER ASSISTANCE AUTHORIZED.—Notwithstanding whether a grant is awarded in an area designated as a high-risk money laundering and related financial crimes area, the Secretary may, in any such area—

“(1) recommend increases in Federal assistance that the Secretary determines are necessary to combat financial crimes in such areas; and

“(2) establish joint cooperative efforts and coordinate enforcement activities among Federal law enforcement organizations involved in the detection, prevention, and suppression of money laundering and related financial crimes and State and local law enforcement agencies with respect to financial crimes in such area.

“SEC. 5345. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated to carry out this subchapter, subject to an appropriations Act—

- "(1) \$5,000,000 for fiscal year 1999;
- "(2) \$7,500,000 for fiscal year 2000;
- "(3) \$10,000,000 for fiscal year 2001;
- "(4) \$12,500,000 for fiscal year 2002; and
- "(5) \$15,000,000 for fiscal year 2003."

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 53 of title 31, United States Code, is amended by adding at the end the following items relating to the subchapter added by subsection (a) of this section:

"SUBCHAPTER III—MONEY LAUNDERING AND RELATED FINANCIAL CRIMES

"Sec. 5341. Definitions.

"Sec. 5342. National money laundering and related financial crimes strategy.

"Sec. 5343. High-risk money laundering and related financial crime areas.

"Sec. 5344. Assistance for fighting money laundering and related financial crimes.

"Sec. 5345. Authorization of appropriations."

SEC. 3. BUDGETS FOR LAW ENFORCEMENT ACTIVITIES RELATING TO MONEY LAUNDERING AND RELATED FINANCIAL CRIMES.

Section 1105 of title 31, United States Code, is amended by adding at the end the following new subsection:

"(h) TREATMENT OF FUNDING.—The Director of the Office of Management and Budget shall establish the funding for law enforcement activities with respect to money laundering and related financial crimes for each applicable department or agency as a separate object class in each budget annually submitted to the Congress under this section."

SEC. 4. REPORT AND RECOMMENDATIONS.

Before the end of the 5-year period beginning on the date on which the first National Strategy for Combating Money Laundering and Related Financial Crimes is submitted to the Congress pursuant to section 5342 of title 31, United States Code (as added by this Act), the Secretary of the Treasury shall submit a report to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the effectiveness of and the need for the designation of areas, under section 5343 of title 31, United States Code (as added by this Act), as high-risk money laundering and related financial crime areas, together with such recommendations for legislation as the Secretary of the Treasury may determine to be appropriate to carry out the purposes of that section.

Mr. D'AMATO. Mr. President, today, I am proud to sponsor a bill which attacks drug traffickers by making it harder for these criminals to profit from their illegal windfalls. We have long known of the terrible price our communities pay because of drug abuse; the dashed hopes and dreams and the shattered lives of millions of Americans. The Congress, and the Administration, have a responsibility to do everything we can to restore those dreams and rebuild these communities.

Drug kingpins and cartels are destroying our neighborhoods and poisoning our children. Unless we put an immediate stop to this criminal behavior, drug lords will continue to penetrate our schools and families.

Mr. President, through money laundering, drug traffickers are able to take their blood money and launder it

clean. These ill-gotten gains are then filtered throughout our economy. Money laundering sustains drug and arms dealers, as well as terrorists and other criminals searching for a way to prolong their illegal enterprises. Tax evasions, and trade and insurance fraud are the related byproducts of money laundering.

Money laundering robs our Nation's financial institutions of their most valuable asset—their integrity. By abusing the Nation's financial institutions, the launderers increase their wealth and power often by purchasing land and buildings with these illicit funds. So it soon becomes impossible to distinguish drug money from wealth earned by hard working taxpayers.

Day in, day out, the drug lords relentlessly peddle their products of death and misery for huge profits. While our police are hampered by their inability to effectively target large cash transactions. This bill sends the message that "enough is enough." It hands our law enforcement agencies the tools to hit the criminals where it hurts—in the pocketbook.

Mr. President, the bill has three major provisions:

First, It requires the Treasury Secretary to create a national money laundering strategy and report to Congress.

Second, It allows the Secretary to designate "high risk zones" where money laundering is concentrated.

Third, The high risk zones will be eligible for law enforcement assistance and technical assistance and antimoney laundering grants.

This bill is not based on hypotheticals—it was not drafted out of thin air—it is based on hands-on experience of what has worked for our drug enforcement agencies. We have learned that the most effective method of fighting this problem is for law enforcement agencies to work together. That is why we have called for a national strategy. And that is why the bill directs the Secretary to give special preference to law enforcement or prosecutorial agencies that coordinate activities when awarding grants to combat money laundering.

This approach has proven successful in a recent New York undercover operation known as "El Dorado". This joint law enforcement effort used a Treasury Department tool known as a GTO-Geographic Targeting Order. Under the GTO, designated money remitters were required to report detailed information about all cash transfers to Columbia over \$750. The results of Operation "El Dorado" were phenomenal:

Cash transfers by three major remitters plummeted from \$67 million to \$2 million;

The overall number of transactions by those same remitters dropped 95 percent and the dollar amount dropped 97 percent;

There has been \$30 million in currency seizures, three arrests and one conviction.

Most importantly, Operation "El Dorado" disrupted the profit flow from the United State to the drug cartels.

Operation El Dorado was a huge success—but it was limited by the nature of the GTO itself—it is a temporary legal device. We need to stop these criminals forever!

Our experience in New York demonstrates that only a comprehensive and cooperative solution will achieve results. We must take decisive and immediate steps to stop this insidious cancer from rotting away at our country's legitimate economy and financial system. This bill would essentially put in place a permanent GTO in high risk areas.

By Mr. AKAKA (for himself and Mr. INOUE):

S. 1006. A bill to authorize appropriations for the expansion of the columbarium of the National Memorial Cemetery of the Pacific; to the Committee on Veterans Affairs.

EXPANSION OF THE NATIONAL MEMORIAL CEMETERY OF THE PACIFIC

Mr. AKAKA. Mr. President, I am today introducing a bill which allows for the expansion of the National Memorial Cemetery of the Pacific, commonly referred to as Punchbowl. I am pleased that my colleague, the senior Senator from Hawaii, Senator INOUE has joined me as a sponsor of this measure.

This is a very simple bill. It authorizes \$1.5 million for the construction of an additional columbarium at the National Memorial Cemetery of the Pacific.

The cemetery is nearing its capacity and is only open to interment of cremains. It is estimated by the year 2002, Punchbowl will no longer be open for any burials. However, while the national cemetery will be closed to burials, Hawaii will begin to experience 5 years of the greatest expected burial needs for our World War II veterans.

Currently, 26,000 World War II veterans reside in Hawaii. Based on present columbarium usage at Punchbowl, the Department of Veterans Affairs expects 20 percent of these veterans to choose cremation and inurnment at the National Memorial Cemetery of the Pacific.

The number of Hawaii veterans wishing to be interred at Punchbowl does not include veterans who reside outside of Hawaii who would like to be buried at this facility. Every year, we have veterans who choose to return to Hawaii to be buried with their comrades.

The bill I am introducing today will allow Punchbowl to accommodate 5,000 additional veterans and their spouses. This small expansion will allow our Nation's veterans, particularly those who served their country in World War II, to be buried in National Memorial Cemetery of the Pacific.

I urge my colleagues to support this fair and reasonable request on behalf of our Nation's veterans.

By Mr. CHAFEE (by request):

S. 1007. A bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to reduce the costs of disaster relief and emergency assistance, and for other purposes; to the Committee on Environment and Public Works.

THE DISASTER STREAMLINING AND COSTS
REDUCTION ACT OF 1997

Mr. CHAFEE. Mr President, in my capacity as chairman of the Committee on Environment and Public Works, I introduce today the Disaster Streamlining and Costs Reduction Act of 1997, on behalf of the administration. This bill amends the Robert T. Stafford Disaster Relief and Emergency Assistance Act with the goal of reducing the costs of disaster relief and emergency assistance provided by the Federal Emergency Management Agency [FEMA].

This legislation was submitted to the Senate on June 30, 1997, by FEMA Director James L. Witt. Submission of the bill fulfills, albeit late, a directive included in the FY 1997 VA, HUD and Independent Agencies Appropriations Act.

In that act, the distinguished Appropriations subcommittee chairman, Senator BOND, and his ranking member, Senator MIKULSKI, directed FEMA to propose methods of reducing the skyrocketing costs of Federal disaster relief aid. I commend Senators BOND, MIKULSKI and other Appropriations Committee members for their initiative.

As my colleagues are well aware, the Stafford Act is designed to provide an orderly and continuing means of assistance by the Federal Government to State and local governments in carrying out their responsibilities to alleviate the suffering and damage which result from disasters. In recent years, this assistance has grown increasingly expensive and has resulted in the reduction of annual funding levels for other Government programs which must compete directly with it.

I believe that the cause for the dramatic increase in disaster spending is at least two-fold. First, we are witnessing a period when more and more of our population is being affected by natural and man-made disasters. This might be due to what some say is an increase in the frequency of violent storms—coupled with the fact that a growing proportion of our citizens reside in coastal and riverine regions, causing them to be more vulnerable to floods.

Second, it is apparent that implementation of the Stafford Act could be conducted in a more fiscally sound manner. Are too many facilities or entities eligible for Federal disaster assistance? Is there mismanagement of grant moneys? Is there too much red tape at FEMA? These are the questions that have been asked.

This legislation purports to address both of these broad items believed by many to have contributed to increased disaster spending. To lessen risk to populations and structures, the admin-

istration's bill establishes new hazard mitigation authorities. The bill also reduces the number of public and private nonprofit facilities eligible for aid. Finally, the bill includes various management reforms to streamline the delivery of emergency assistance.

I have given this legislation a preliminary review and find that much in it makes a great deal of sense. Other elements may be problematic. But this is just the first step. This proposal will receive careful scrutiny in the Committee on Environment and Public Works and most likely will be modified several times after we have had a chance to receive input from the States and from disaster relief experts from across the country.

This is a serious issue involving the lives and property of millions of Americans. It also involves billions of taxpayer dollars. While the Congress must address these FEMA cost issues swiftly, we must also preserve the central mission of the Stafford Act. Toward that end, I look forward to conducting hearings on this bill in the Committee on Environment and Public Works.

With the help of Senator BOND, who is also a member of the Environment and Public Works Committee, Senator INHOFE, who chairs the relevant subcommittee, and other members, I am confident that we will be able to produce effective reform legislation in timely fashion. I also look forward to working closely with Director Witt and the administration and commend them for their proposal.

With that, Mr. President, I send the bill to the desk and ask that it be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1007

Be it enacted by the senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Disaster Streamlining and Costs Reduction Act of 1997."

SEC. 2. DEFINITIONS.

(a) Section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. 5122, is amended by striking paragraphs (8) and (9) and inserting new paragraphs (8) and (9) as follows:

"(8) 'Public facility' means the following facilities owned by a State or local government:

"(a)(1) Any sewage treatment and collection, water supply and distribution, or airport facility;

"(2) Any non-Federal-aid street, road, or highway;

"(3) Any other public building, structure, or system that is essential to life, health, education or safety; or

"(4) Parks other than those defined in paragraph (b)(5) of this section.

"(b) The term 'public facility' does not include the following facilities owned by a State or local government:

"(1) Flood control, navigation, irrigation, reclamation, or watershed development structure or systems;

"(2) Electric utilities;

"(3) Building contents;

"(4) Cultural objects;

"(5) Trees and other natural features that are located within parks and recreational areas, as well as on the grounds of other publicly-owned property;

"(6) Parks, recreational areas, marinas, golf courses, stadiums, arenas or other similar facilities, which generate any portion of their operational revenue through user fees, rents, admission charges, or similar fees; and

"(7) Beaches.

"(9) 'Private nonprofit facility' means private nonprofit educational, emergency, medical, rehabilitational, utilities other than electric utilities, and custodial care facilities.

"(b) The term 'private nonprofit facility' does not include the following facilities owned by a private nonprofit entity:

"(1) Building contents;

"(2) Cultural objects;

"(3) Trees and other natural features that are located within parks and recreational areas, as well as on the grounds of other private nonprofit property; and

"(4) Beaches."

(b) Section 102 is amended further by adding the following definitions at the end of the section:

"(10) 'Director' means the Director of the Federal Emergency Management Agency.

"(11) 'Hazard mitigation' or 'mitigation' means programs and actions to reduce the risk or impact of hazards in order to reduce loss of life and injury, damage or destruction of property from a disaster.

"(12) 'Incentives' means measures to induce action by State and local governments, individuals and other private interests to minimize or reduce the loss of life and property from disasters, including increased or reduced disaster assistance cost sharing, and such other measures as the President or Director may establish by regulation."

SEC. 3. PRE-DISASTER HAZARD MITIGATION.

Title II of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. 5121 et seq., is amended by inserting new section 203 as follows:

"§ 203. Pre-Disaster Hazard Mitigation

"(a) The Director is authorized to establish a pre-disaster mitigation program to assist State and local governments to reduce injuries and loss of life, and to reduce damage or destruction of property from disaster before disasters occur; and is authorized to use incentives, disincentives, and other mitigation measures to reduce the cost of disasters to Federal, State and local governments, particularly damages to public facilities, and to the private sector.

"(b) The Director is authorized to make pre-disaster mitigation grants of not less than 75 percent of the cost of hazard mitigation measures to States and local governments and to eligible private nonprofit organizations to carry out the purposes of this section. The pre-disaster mitigation program established by this section shall not duplicate or replace assistance available to States and local governments and eligible nonprofit organizations under authorities and programs administered by other Federal departments or agencies.

"(c) The Director shall establish by rules and regulations the standards, incentives and criteria applicable to grants made under the authority of this section, including:

"(1) incentives for measures that reduce the risk of injuries and loss of life and reduce damages and destruction of property from disasters and that exceed the minimum standards, and criteria established by the Director under this section;

"(2) incentives for establishing disaster assistance programs, trust funds, or other measures that enhance the ability of individuals, property owners, and States and local

governments to finance, reimburse, or compensate for losses suffered from disasters;

"(3) procedures for the identification and evaluation of natural hazards that threaten the State or community;

"(4) measures to reduce injuries and loss of life and to reduce damages and destruction of property from disasters;

"(5) adoption and enforcement of laws, construction codes and other codes, community-wide land-use and other ordinances and by-laws, and regulations to minimize or mitigate the effects of disasters; and

"(6) such other mitigation measures as the President or the Director may adopt by regulation.

"(d) To carry out the pre-disaster mitigation program authorized in subsection (a), the Director shall establish a National Pre-Disaster Mitigation Fund (Fund) which shall be an account separate from any other accounts or funds and shall be available, without fiscal year limitation, for grants and other incentives to States and local governments and to nonprofit organizations to implement mitigation measures under standards and criteria established by the Director.

"(e) There are authorized to be appropriated to the Fund established by subsection (d) of this section such sums as may be necessary to implement this section.

"(f) The Director shall take into account the following when establishing priorities for pre-disaster mitigation grant applications:

"(1) the level and repetitive nature of the risks to be mitigated;

"(2) demonstrated State or local government commitment to reduce damages from future disasters;

"(3) official commitment by the State or local government that non-Federal financial commitments are available for the mitigation measures to be undertaken;

"(4) certification that mitigation projects involving public facilities will meet or exceed the mitigation criteria and standards established by the Director in this section;

"(5) assurances that the mitigation projects are not then the subject matter of litigation before any Federal, State or local court or administrative agency; and

"(6) assurances that the mitigation projects will be completed expeditiously, in a time period mutually agreed by the Director and the applicant."

"(g) The Director shall review periodically the standards, criteria, and incentives established for mitigation under this chapter, shall evaluate performance results of those standards, criteria, and incentives, and shall make appropriate changes, as necessary, to enhance the effectiveness of pre-disaster and post-disaster mitigation measures."

SEC. 4. MANAGEMENT EXPENSES.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. 5121 et seq., is amended by adding a new section 322, as follows: "Sec. 322. Management expenses. Notwithstanding the provisions of any other law or administrative rule or guidance, for purposes of this chapter, the President shall establish management cost rates for grantees and subgrantees by rule. The President shall review the management cost rates every three years. All payments for management costs shall be in lieu of any indirect costs, administrative expenses, or any other expense not directly chargeable to a specific project under a major disaster (subchapter IV), emergency (subchapter V), or an emergency preparedness activity or measure (subchapters II and VI)."

SEC. 5. HAZARD MITIGATION.

Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. 5170c, is amended as follows—

(a) In subsection (a), insert "(1)" between "(a)" and "IN GENERAL";

(b) In the first sentence of subsection (a), strike "up to" after "contribute", and insert "not less than";

(c) Insert new subsection (a)(2) as follows:

"(2) INCENTIVES.—The President may provide by regulation incentives for Federal shares of assistance up to 90 percent for mitigation measures under this section for applicants that, at a minimum, have implemented the standards, incentives and criteria established by the Director under section 203(c) in advance of major disasters declared by the President under this Act."

SEC. 6. FEDERAL COST SHARE.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. 5121 et seq., is amended as follows:

(a) in section 201(d), 42 U.S.C. 5131(d), strike "50 percent", and insert "75 percent";

(b) in section 407(d), 42 U.S.C. 5173(d), strike "shall not be less than", and insert "shall not exceed";

(c) in section 611(f)(2), 42 U.S.C. 5196(f)(2), strike "one-half", and insert "three-quarters";

(d) in section 611(j)(3), 42 U.S.C. 5196(j)(3), strike paragraph 93 in its entirety and insert "The Director may contribute up to 75 percent of the cost of organizational equipment";

(e) in section 611(j)(5), 42 U.S.C. 5196(j)(5), strike the first sentence of paragraph (5), and insert "The Director may contribute up to 75 percent of the eligible costs for projects under this section";

(f) in section 613(a), 42 U.S.C. 5196b(a), strike "one-half", and insert "three-quarters"; and

(g) in section 614, 42 U.S.C. 519c, strike all after "matches", and insert "provides 25 percent of the cost of such facilities."

SEC. 7. REPAIR, RESTORATION, AND REPLACEMENT OF DAMAGED FACILITIES.

Section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. 5172, is amended as follows—

(a) Paragraph (2) of subsection (a) is amended to read as follows:

"(2) to a person who owns or operates a private nonprofit facility damaged or destroyed by a major disaster for the repair, restoration, reconstruction, or replacement of such facility and for management expenses incurred by such person, *Provided That*, no contributions shall be made unless the owner or operator of the facility, has applied first for a Small Business Administration disaster loan (15 U.S.C. 636(b)) and (A) has been determined to be ineligible for such a loan, or (B) has obtained a loan in the maximum amount that the Small Business Administration determines it is eligible."

(b) Subsection (b) is repealed, and new subsection (b) is inserted as follows:

"(b) COST SHARING.—(1) GENERAL RULE.—The President is authorized to provide assistance under this section of not less than 75 percent of the net eligible costs of repair, restoration, reconstruction, or replacement activities which are carried out under this section. The President is authorized to provide assistance under this section up to 90 percent of the net eligible costs of repair, restoration, reconstruction, or replacement activities that are carried out in the aftermath of major disasters which cause catastrophic losses.

"(2) INCREASED FEDERAL COST SHARE.—The President may provide assistance under this section up to 90% of the net eligible costs of repair, restoration, reconstruction, or replacement activities that are carried out under this section for those States or local governments that have implemented hazard

mitigation measures in advance of major disasters declared by the President under this Act and that, at minimum, have implemented the standards, incentives and criteria established by the Director under section 203(c) in advance of major disasters declared by the President under this Act."

"(3) DECREASED FEDERAL COST SHARE.—The President may reduce assistance under this section to amounts less than 75% but not less than 50%, of the net eligible costs of repair, restoration, reconstruction, or replacement activities that are carried out under this section for those States and local governments that are unable or unwilling to take appropriate steps promptly and efficiently to complete the processing of claims for assistance under this section."

(c) Subsection (c) is repealed, and new subsection (c) is inserted as follows:

"(c) LARGE IN-LIEU CONTRIBUTIONS.—

"(1)(A) FOR PUBLIC FACILITIES.—In any case where a State or local government determines that the public welfare would not be served by repairing, restoring, reconstructing, or replacing any public facility owned or controlled by such State or local government, it may elect to receive, in lieu of a contribution under subsection (a)(1), a contribution of 75 percent of the Federal share of the Federal estimate of the cost of repairing, restoring, reconstructing, or replacing such facility and of management expenses.

"(B) Funds contributed under this subsection may be used to repair, restore, or expand other eligible public facilities, to construct eligible new facilities, or to fund hazard mitigation measures which the State or local government determines to be necessary to meet a need for governmental services and functions in the area affected by the major disaster.

"(2)(A) FOR PRIVATE NONPROFIT FACILITIES.—In any case where a person who owns or operates a private nonprofit facility determines that the public welfare would not be best served by repairing, restoring, reconstructing, or replacing such facility, such person may elect to receive, in lieu of a contribution under subsection (a)(2), a contribution of 75 percent of the Federal share of the Federal estimate of the cost of repairing, restoring, reconstructing, or replacing such facility and of management expenses.

"(B) Funds contributed under this subsection may be used to repair, restore, or expand other eligible private nonprofit facilities owned or operated by the applicant, to construct eligible new private nonprofit facilities to be owned or operated by the applicant, or to fund hazard mitigation measures that such private nonprofit organization determines to be necessary to meet a need for its services and functions in the area affected by the major disaster."

(d) Subsection (e) of section 406 is amended to read as follows—

"(e)(1) For the purposes of this section, the estimate of the cost of repairing, restoring, reconstruction, or replacing a public facility or private nonprofit facility on the basis of the design of such facility as it existed immediately before the major disaster and in conformity with the applicable codes, specifications, and standards in effect at the time of the major disaster declaration (including floodplain management and hazard mitigation criteria required by the President or by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.) shall be treated as the net eligible cost of such repair, restoration, reconstruction, or replacement.

(2) Within 18 months of enactment of this section, the President shall, through the Director of the Federal Emergency Management Agency, convene an expert panel, including representation from the construction

industry, and shall develop cost-estimating procedures consistent with industry practices.

(e) REPEAL.—Subsection (f) of section 406 is repealed.

SEC. 8. FEDERAL FINANCIAL ASSISTANCE.

(a) Sections 408 and 411 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 USC 5174, are hereby repealed.

(b) New section 408 is added as follows—

“SEC. 408. FEDERAL FINANCIAL ASSISTANCE.

“The President may provide financial assistance and, if necessary, direct services, to disaster victims who, as a direct result of a major disaster, have necessary expenses and serious needs for housing, personal property, medical and dental or funeral expenses, transportation costs, and other needs. The President shall administer the program authorized by this section, and shall promulgate rules and regulations to carry out its provisions (which shall include criteria, standards, and procedures for determining eligibility for assistance).

“No individual or household shall receive financial assistance greater than \$25,000 under this section with respect to a single major disaster. Such limit shall be adjusted annually to reflect changes in the Consumer Price Index for all Urban Consumers published by the Department of Labor. The types of assistance that may be provided under this section are as follows—

“(a) HOUSING NEEDS.—The President may provide financial or other assistance to individuals or families to respond to disaster-related housing needs of those who are displaced from their pre-disaster primary residences, or whose pre-disaster residences are rendered uninhabitable as a result of damage caused by a major disaster. Individuals and households who have no pre-disaster residence shall not be provided housing assistance under this section. The most appropriate forms of housing assistance to be provided to disaster victims shall be determined in the President's discretion based upon considerations of cost effectiveness, convenience to disaster victims, and such other factors as the President may deem appropriate. One or more forms of housing assistance may be made available, based on the suitability and availability of the types of assistance to meet the disaster victims' verified needs in the particular disaster situation.

“(1) Housing assistance may be provided to individuals or households to rent alternate housing accommodations or existing rental units, manufactured housing, recreational vehicles, or other readily fabricated dwellings. The President may also directly provide such housing units, acquired by purchase or lease, to individuals or households who, because of lack of available housing resources, would be unable to make use of the assistance provided under this section. Direct assistance shall continue for no longer than 18 months after the President's major disaster declaration, unless the President determines that it would be in the public interest to extend this period due to extraordinary circumstances. After 18 months the President may charge fair market rent for the accommodation being provided. The amount of grant assistance shall be based on the fair market rent for the accommodation being furnished plus the cost of any transportation, utility hook-ups, or unit installation not being directly provided by the President.

“(2) Housing assistance may be provided to repair owner-occupied private residences, utilities, and residential infrastructure (such as private access routes) damaged by a major disaster to habitable condition where such assistance cannot be provided by voluntary

agency assistance, insurance proceeds, or through disaster loan benefits from the Small Business Administration.

“(b) CERTAIN PERMANENT HOUSING CONSTRUCTION.—The President may provide financial assistance or direct assistance to individuals or households to construct permanent housing in remote locations (primarily insular areas outside the continental United States) in cases where no alternative housing resources are available; where the types of temporary housing assistance enumerated above are unavailable, infeasible, or not cost-effective; and where such needs cannot be met by voluntary agency assistance, insurance proceeds, or disaster loan benefits from the Small Business Administration.

“(c) SITES.—Any readily fabricated dwelling provided under this section shall whenever possible be located on a site complete with utilities, and is provided by the disaster victim, or the State or local government, by the owner of the site, or by the occupant who was displaced by the major disaster. Readily fabricated dwellings may be located on sites provided by the President if the President determines that such sites would be more economical or accessible.

“(d) DISPOSITION OF UNITS.—Notwithstanding any other provision of law, housing units purchased by the President for the purposes of housing disaster victims may be: “(1) Sold directly to individuals or households who are occupants of temporary housing units if such individuals and households need permanent housing. Such sales shall be accomplished at prices that are fair and equitable, as determined by the President. Notwithstanding any other provision of law, the proceeds of sales shall be deposited into the appropriate Disaster Relief Fund account. The President may use the services of the General Services Administration to accomplish the sale.

“(2) If not disposed of under paragraph (d)(1) of this section temporary housing units may be resold in the private market. Temporary housing units may also be sold, transferred, donated, or otherwise made available directly to States, other governmental entities, and voluntary organizations for the sole purpose of providing temporary housing to disaster victims in major disasters and emergencies, *Provided* That as a condition of such sale, transfer or donation to States, other governmental agencies, or voluntary organizations a covenant to comply with the non-discrimination provisions of section 308 is agreed to. The State, other governmental agency, or voluntary organization must also agree to obtain and maintain hazard and flood insurance on the transferred housing unit.

“(e) OTHER NEEDS.—The President is authorized to provide financial assistance to individuals or households adversely affected by a major disaster to meet disaster-related medical, dental, and funeral expenses, where such individuals or households are unable to meet such needs through insurance proceeds or voluntary agency assistance. Financial assistance may also be authorized to address personal property needs, transportation expenses, and other necessary expenses or serious needs resulting from the major disaster where such expenses and needs cannot be met through insurance proceeds, voluntary agency assistance, or through loan assistance from the Small Business Administration.”

(c) Section 502(a)(6) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 502(a)(6), is amended by deleting “temporary housing”.

SEC. 9 REPEAL.

Section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. 5184, is repealed.

SEC. 10. REPEAL.

Section 422 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. 5189, is repealed.

ADDITIONAL COSPONSORS

S. 22

At the request of Mr. MOYNIHAN, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of S. 22, a bill to establish a bipartisan national commission to address the year 2000 computer problem.

S. 387

At the request of Mr. HATCH, the name of the Senator from Rhode Island [Mr. REED] was added as a cosponsor of S. 387, a bill to amend the Internal Revenue Code of 1986 to provide equity to exports of software.

S. 464

At the request of Mrs. MURRAY, the names of the Senator from Hawaii [Mr. AKAKA] and the Senator from Minnesota [Mr. WELLSTONE] were added as cosponsors of S. 464, a bill to amend title 38, United States Code, to allow revision of veterans benefits decisions based on clear and unmistakable error.

S. 537

At the request of Ms. MIKULSKI, the name of the Senator from Missouri [Mr. ASHCROFT] was added as a cosponsor of S. 537, a bill to amend title III of the Public Health Service Act to revise and extend the mammography quality standards program.

S. 644

At the request of Mr. D'AMATO, the name of the Senator from California [Mrs. FEINSTEIN] was added as a cosponsor of S. 644, A bill to amend the Public Health Service Act and the Employee Retirement Income Security Act of 1974 to establish standards for relationships between group health plans and health insurance issuers with enrollees, health professionals, and providers.

S. 657

At the request of Mr. DASCHLE, the names of the Senator from Hawaii [Mr. AKAKA] and the Senator from Arkansas [Mr. HUTCHINSON] were added as cosponsors of S. 657, a bill to amend title 10, United States Code, to permit retired members of the Armed Forces who have a service-connected disability to receive military retired pay concurrently with veterans' disability compensation.

S. 912

At the request of Mr. BOND, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 912, a bill to provide for certain military retirees and dependents a special medicare part B enrollment period during which the late enrollment penalty is waived and a special medigap open period during which no under-writing is permitted.

SENATE RESOLUTION 106

At the request of Mr. ROBB, the name of the Senator from Hawaii [Mr. AKAKA] was added as a cosponsor of