

109TH CONGRESS
1ST SESSION

H. R. 4205

To provide incentives to encourage private sector efforts to reduce earthquake losses, to establish a national disaster mitigation program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 2, 2005

Mr. FORD introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Transportation and Infrastructure, Science, and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide incentives to encourage private sector efforts to reduce earthquake losses, to establish a national disaster mitigation program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Earthquake
5 Preparedness, Response, and Recovery Act”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds the following:

1 (1) As a result of research funded by the Na-
2 tional Earthquake Hazards Reduction Program, a
3 substantial body of knowledge exists about earth
4 sciences, geotechnical and structural engineering,
5 and human behavior relating earthquakes.

6 (2) The foremost challenge as we enter the 21st
7 century is putting this knowledge to work by reduc-
8 ing future losses to improve the safety of Americans
9 and the performance of State and local government
10 facilities and private buildings and facilities.

11 (3) Earthquakes and tsunamis cause great dan-
12 ger to human life and property throughout the
13 United States and continue to threaten Americans
14 significantly in over 40 States and territories. In
15 1811 and 1812, the continental United States expe-
16 rienced one of the largest earthquakes in its history
17 in the New Madrid seismic zone, which stretches
18 from southern Illinois to northeastern Arkansas. The
19 magnitude of those earthquakes resulted in large
20 areas of land sinking into the earth, the formation
21 of Reelfoot Lake in northwestern Tennessee and the
22 Mississippi River changing its course. According to
23 the United States Geological Survey, the probability
24 of a repeat of the 1811–1812 earthquakes (mag-
25 nitude 7.5 to 8.00) in a 50 year period is 10 per-

1 cent. The probability of a magnitude 6.0 or larger
2 is 25 percent to 40 percent.

3 (4) Too few States and local communities have
4 sufficiently identified and assessed their risk and im-
5 plemented adequate measures to reduce losses from
6 such disasters and to ensure that their critical public
7 infrastructure and facilities will continue to function
8 after a disaster.

9 (5) Too much of the Nation's stocks of housing
10 and commercial buildings remain inherently vulner-
11 able to earthquake shaking. Future losses in these
12 facilities can be lessened using currently feasible
13 technology.

14 (6) Too much of local government infrastruc-
15 ture remain at risk and are likely to be non-func-
16 tional in the aftermath of foreseeable earthquake
17 events at the time when the services that local gov-
18 ernments provide are critically necessary.

19 (7) Federal, State, and local government ex-
20 penditures for disaster assistance and recovery have
21 increased without commensurate reduction in the
22 likelihood of future losses from such earthquakes.

23 (8) Feasible techniques for reducing future
24 earthquake losses are readily available.

1 (9) Economic incentives are needed to assist
2 States and local communities and the public in im-
3 plementing available measures to reduce losses and
4 ensure continued functionality of their infrastruc-
5 ture.

6 (b) PURPOSE.—It is the purpose of this Act to estab-
7 lish a national disaster mitigation program that—

8 (1) reduces the loss of life and property, human
9 suffering, economic disruption, and disaster assist-
10 ance costs resulting from earthquakes;

11 (2) offers financial incentives to encourage pri-
12 vate sector efforts to reduce earthquake losses;

13 (3) provides matching finds to encourage and
14 assist States and local governments and the private
15 sector in their efforts to implement measures de-
16 signed to ensure the continued functionality of pub-
17 lic infrastructure, commerce, and habitation after
18 earthquakes;

19 (4) creates Federal, State, and local govern-
20 ment partnerships to reduce the vulnerability of pub-
21 lic infrastructure, commercial enterprises, and resi-
22 dential buildings to earthquakes; and

23 (5) ensures that the Director of the Federal
24 Emergency Management Agency meets or surpasses
25 the highest professional requirements.

1 **SEC. 3. QUALIFICATIONS OF UNDER SECRETARY FOR**
2 **EMERGENCY PREPAREDNESS AND RESPONSE**
3 **AND DIRECTOR OF THE FEDERAL EMER-**
4 **GENCY MANAGEMENT AGENCY.**

5 (a) QUALIFICATIONS OF UNDER SECRETARY FOR
6 EMERGENCY PREPAREDNESS AND RESPONSE.—Section
7 501 of the Homeland Security Act of 2002 (6 U.S.C. 311)
8 is amended—

9 (1) by inserting “(a) IN GENERAL.—” before
10 “There”; and

11 (2) by adding at the end the following:

12 “(b) QUALIFICATIONS.—

13 “(1) IN GENERAL.—The Under Secretary shall
14 be appointed by the President in accordance with
15 section 103 from among individuals who are unique-
16 ly qualified to carry out the duties and powers of the
17 office by virtue of their emergency management ex-
18 perience, educational background, training, and pro-
19 fessional contributions.

20 “(2) CONSIDERATIONS.—

21 “(A) EMERGENCY MANAGEMENT EXPERI-
22 ENCE.—In assessing an individual’s emergency
23 management experience under paragraph (1),
24 the President shall determine whether the indi-
25 vidual has a minimum of 4 years of comprehen-
26 sive experience in emergency management, miti-

1 gation, and response, including participation in
2 full scale exercises and actual disasters.

3 “(B) EDUCATIONAL BACKGROUND.—In as-
4 ssuming an individual’s educational background
5 under paragraph (1), the President shall deter-
6 mine whether the individual has a 4-year bac-
7 calaureate degree, an advanced degree, and a
8 certification as an emergency manager.

9 “(C) TRAINING.—In assessing an individ-
10 ual’s training under paragraph (1), the Presi-
11 dent shall determine whether the individual has
12 a minimum of 100 hours of emergency manage-
13 ment training and a minimum of 100 hours of
14 general management training.

15 “(D) PROFESSIONAL CONTRIBUTIONS.—In
16 assessing an individual’s professional contribu-
17 tions under paragraph (1), the President shall
18 determine whether the individual has made sig-
19 nificant contributions to the emergency man-
20 agement profession in the areas of professional
21 membership, speaking, publication of articles,
22 service on professional boards, and other areas
23 beyond the scope of the emergency management
24 job requirements.”.

1 (b) APPOINTMENT AND QUALIFICATIONS OF DIREC-
2 TOR OF FEDERAL EMERGENCY MANAGEMENT AGENCY.—
3 Section 507 of the Homeland Security Act of 2002 (6
4 U.S.C. 317) is amended—

5 (1) by redesignating subsections (a) and (b) as
6 subsections (b) and (c), respectively; and

7 (2) by inserting before subsection (b), as so re-
8 designated, the following:

9 “(a) APPOINTMENT AND QUALIFICATIONS OF DIREC-
10 TOR.—The Federal Emergency Management Agency shall
11 be headed by a Director, who shall be appointed by the
12 President, by and with the advice and consent of the Sen-
13 ate. The Director shall be appointed from among individ-
14 uals who meet the same qualification requirements as
15 apply to the Under Secretary for Emergency Preparedness
16 and Response under section 501(b).”.

17 **SEC. 4. NONREFUNDABLE CREDIT FOR EXPENSES RE-**
18 **LATED TO SEISMIC RETROFIT OF PRINCIPAL**
19 **RESIDENCE.**

20 (a) GENERAL RULE.—Subpart A of part IV of sub-
21 chapter A of chapter 1 of the Internal Revenue Code of
22 1986 (relating to nonrefundable personal credits) is
23 amended by inserting after section 25D the following:

1 **“SEC. 25E. EXPENSES RELATED TO SEISMIC RETROFIT OF**
2 **PRINCIPAL RESIDENCE.**

3 “(a) GENERAL RULE.—In the case of an individual,
4 there shall be allowed as a credit against the tax imposed
5 by this chapter for the taxable year an amount equal to
6 50 percent of so much of the qualified seismic retrofit ex-
7 penses of the taxpayer for the taxable year as do not ex-
8 ceed \$6,000.

9 “(b) QUALIFIED SEISMIC RETROFIT EXPENSES.—
10 For purposes of this section—

11 “(1) IN GENERAL.—The term ‘qualified seismic
12 retrofit expenses’ means amounts paid or incurred
13 by the taxpayer during the taxable year in relation
14 to any seismic retrofit construction of the principal
15 residence of the taxpayer.

16 “(2) SEISMIC RETROFIT CONSTRUCTION.—The
17 term ‘seismic retrofit construction’ means any addi-
18 tion or improvement—

19 “(A) which is certified by the State dis-
20 aster agency or other applicable agency—

21 “(i) as resulting in the mitigation of
22 the risk of damage to existing property
23 from an earthquake, and

24 “(ii) as being in addition to any addi-
25 tion or improvement required by any State

1 or local law with respect to such property,
2 and

3 “(B) which is placed in service at least 5
4 years after the date the building is first placed
5 in service.

6 Such term does not include the cost of acquiring
7 such property (or any interest therein).

8 “(3) PRINCIPAL RESIDENCE.—The term ‘prin-
9 cipal residence’ has the same meaning as when used
10 in section 121.

11 “(c) DENIAL OF DOUBLE BENEFIT.—No deduction
12 shall be allowed under any other provision of this chapter
13 with respect to any amount of qualified seismic retrofit
14 expenses taken into account under subsection (a).

15 “(d) BASIS ADJUSTMENT.—For purposes of this sub-
16 title, if a credit is allowed under this section with respect
17 to any residence, the basis of such residence shall be re-
18 duced by the amount of the credit so allowed.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) The table of sections for subpart A of part
21 IV of subchapter A of chapter 1 of the Internal Rev-
22 enue Code of 1986 is amended by inserting after the
23 item relating to section 25D the following new item:

“Sec. 25E. Expenses related to seismic retrofit of principal residence.”.

24 (2) Subsection (a) of section 1016 of such Code
25 is amended by striking “and” at the end of para-

1 graph (36), by striking the period at the end of
2 paragraph (37) and inserting “, and”, and by add-
3 ing at the end the following new paragraph:

4 “(38) in the case of a residence with respect to
5 which a credit was allowed under section 25E, to the
6 extent provided in section 25E(d).”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to expenses paid or incurred in
9 taxable years beginning after December 31, 2005.

10 **SEC. 5. RECOVERY PERIOD FOR DEPRECIATION OF CER-**
11 **TAIN SEISMIC RETROFIT EXPENSES.**

12 (a) TREATMENT AS 5-YEAR PROPERTY.—Section
13 168(e)(3)(B) of the Internal Revenue Code of 1986 (relat-
14 ing to 5-year property) is amended by striking “and” at
15 the end of clause (v), by striking the period and inserting
16 “, and” at the end of clause (vi), and by inserting after
17 clause (vi) the following new clause:

18 “(vii) any qualified seismic retrofit
19 property.”.

20 (b) DEFINITION OF QUALIFIED SEISMIC RETROFIT
21 PROPERTY.—Section 168(i) of the Internal Revenue Code
22 of 1986 (relating to definitions and special rules) is
23 amended by adding at the end the following new para-
24 graph:

1 “(18) QUALIFIED SEISMIC RETROFIT PROP-
2 ERTY.—

3 “(A) IN GENERAL.—The term ‘qualified
4 seismic retrofit property’ means any addition or
5 improvement to real property for which depre-
6 ciation is allowable under this section—

7 “(i) for which the expenditure is prop-
8 erly chargeable to the capital account, and

9 “(ii) which is a seismic retrofit.

10 “(B) SEISMIC RETROFIT.—For purposes of
11 subparagraph (A)(i), the term ‘seismic retrofit’
12 means any addition or improvement—

13 “(i) which is certified by the State
14 disaster agency or other applicable agen-
15 cy—

16 “(I) as resulting in the mitiga-
17 tion of the risk of damage to existing
18 property from an earthquake, and

19 “(II) as being in addition to any
20 addition or improvement required by
21 any State or local law with respect to
22 such property, and

23 “(ii) which is placed in service at least
24 5 years after the date the building is first
25 placed in service.

1 Such term does not include the cost of acquir-
2 ing such property (or any interest therein).”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to qualified seismic retrofit prop-
5 erty placed in service after December 31, 2005.

6 **SEC. 6. QUALIFIED SEISMIC RETROFITTING BONDS.**

7 (a) IN GENERAL.—Section 144 of the Internal Rev-
8 enue Code of 1986 (relating to qualified small issue bond;
9 qualified student loan bond; qualified redevelopment bond)
10 is amended by adding at the end the following new sub-
11 section:

12 “(d) QUALIFIED SEISMIC RETROFITTING BOND.—
13 For purposes of this part—

14 “(1) IN GENERAL.—The term ‘qualified seismic
15 retrofitting bond’ means any bond issued as part of
16 an issue 95 percent or more of the net proceeds of
17 which are to be used—

18 “(A) for seismic retrofitting expenditures,
19 and

20 “(B) in a manner which meets the require-
21 ments of paragraph (3).

22 “(2) SEISMIC RETROFITTING EXPENDITURE.—
23 For purposes of paragraph (1), the term ‘seismic
24 retrofitting expenditure’ means any amount properly
25 chargeable to capital account—

1 “(A) which is certified by the State disaster agency or other applicable agency—

2
3 “(i) as resulting in the mitigation of
4 the risk of damage to existing property
5 from an earthquake, and

6 “(ii) as being in addition to any addition or improvement required by any State
7 or local law with respect to such property,
8 and

9 “(B) which is placed in service at least 5
10 years after the date the building is first placed
11 in service.

12 Such term does not include the cost of acquiring
13 such property (or any interest therein).

14 “(3) USE OF PROCEEDS REQUIREMENTS.—The
15 use of the proceeds of an issue meets the requirements of this paragraph if within the 26-month period beginning with the date of issue—

16 “(A) at least 95 percent of the net proceeds of such issue are used for seismic retrofitting expenditures or are used to finance 1 or
17 more loans to ultimate borrowers for such expenditures, or
18 penditures, or

19 “(B) to the extent not so used under subparagraph (A), such proceeds in excess of
20 paragaph (A), such proceeds in excess of
21
22
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24
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1 \$10,000 are used to redeem bonds which are
2 part of such issue.”.

3 (b) BONDS TREATED AS QUALIFIED BONDS.—Para-
4 graph (1) of section 141(e) of the Internal Revenue Code
5 of 1986 (defining qualified bond) is amended by striking
6 “or” at the end of subparagraph (F), by redesignating
7 subparagraph (G) as subparagraph (H), and by inserting
8 after subparagraph (F) the following new subparagraph:

9 “(G) a qualified seismic retrofitting bond,
10 or”.

11 (c) BONDS INCLUDED FOR PURPOSES OF SMALL
12 ISSUER EXEMPTION STATUS.—Subclause (I) of section
13 265(b)(3)(C)(ii) of the Internal Revenue Code of 1986 (re-
14 lating to obligations not taken into account in determining
15 status as qualified small issuer) is amended by inserting
16 “, or a qualified seismic retrofitting bond, as defined in
17 section 144(d)(1)” after “section 145”.

18 (d) EXCEPTION FROM VOLUME CAP.—Section
19 146(g) of the Internal Revenue Code of 1986 (relating to
20 exception for certain bonds) is amended by striking “and”
21 at the end of paragraph (3), by striking the period at the
22 end of paragraph (4) and inserting a comma, and by add-
23 ing after paragraph (4) the following new paragraphs:

24 “(5) any qualified mortgage bond if 95 percent
25 or more of the net proceeds of the bond are to be

1 used to provide home improvement loans in connec-
2 tion with seismic retrofitting expenditures (as de-
3 fined in section 144(d)(2) without regard to the cap-
4 ital account requirement), and

5 “(6) any qualified seismic retrofitting bond.”.

6 (e) PROCEEDS OF MORTGAGE REVENUE BONDS
7 USED IN CONNECTION WITH SEISMIC RETROFITTING.—

8 (1) IN GENERAL.—Paragraph (4) of section
9 143(k) of the Internal Revenue Code of 1986 (relat-
10 ing to other definitions and special rules for quali-
11 fied mortgage bonds) is amended to read as follows:

12 “(4) QUALIFIED HOME IMPROVEMENT LOAN.—
13 The term ‘qualified home improvement loan’
14 means—

15 “(A) the financing (in an amount which
16 does not exceed \$15,000)—

17 “(i) of alterations, repairs, and im-
18 provements on or in connection with an ex-
19 isting residence by the owner thereof, but

20 “(ii) only for such items as substan-
21 tially protect or improve the basic livability
22 or energy efficiency of the property, and

23 “(B) the financing (in an amount which
24 does not exceed \$20,000) of seismic retrofitting
25 expenditures (as defined in section 144(d)(2)

1 without regard to the capital account require-
2 ment) in connection with an existing residence
3 by the owner thereof.”.

4 (2) EXCEPTION FROM INCOME REQUIRE-
5 MENTS.—Section 143(f) of such Code (relating to
6 income requirements) is amended by adding at the
7 end the following new paragraph:

8 “(7) EXCEPTION FOR CERTAIN QUALIFIED
9 HOME IMPROVEMENT LOANS.—Paragraph (1) shall
10 not apply with respect to any qualified home im-
11 provement loan (as defined in subsection
12 (k)(4)(B)).”.

13 (f) CLERICAL AMENDMENTS.—

14 (1) The heading of section 144 of the Internal
15 Revenue Code of 1986 is amended by striking
16 “**BOND.**” and inserting “**BOND; QUALIFIED SEIS-
17 MIC RETROFITTING BOND.**”.

18 (2) The item relating to section 144 in the table
19 of sections for subpart A of part IV of subchapter
20 B of chapter 1 of such Code is amended by striking
21 “bond.” and inserting “bond; qualified seismic retro-
22 fitting bond.”

23 (g) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to bonds issued after the date of
25 the enactment of this Act.

1 **SEC. 7. TREATMENT OF PASSIVE LOSSES OF CERTAIN**
2 **PARTNERSHIPS ENGAGED IN SEISMIC RETROFITTING.**
3 **ROFITTING.**

4 (a) IN GENERAL.—Section 469 of the Internal Rev-
5 enue Code of 1986 (relating to passive activity losses and
6 credits limited) is amended by adding at the end the fol-
7 lowing new subsection:

8 “(n) EXEMPTION FOR SEISMIC RETROFITTING
9 TRADE OR BUSINESS.—

10 “(1) IN GENERAL.—In the case of any natural
11 person, subsection (a) shall not apply to that portion
12 of the passive activity loss or the deduction equiva-
13 lent (within the meaning of subsection (j)(5)) of the
14 passive activity credit for any taxable year which is
15 attributable to any seismic retrofitting activity which
16 such person engages in during the taxable year,
17 whether or not the taxpayer materially participates
18 in such activity.

19 “(2) SEISMIC RETROFITTING ACTIVITY.—For
20 purposes of this subsection, the term ‘seismic retro-
21 fitting activity’ means any activity which involves the
22 trade or business of seismic retrofit construction (as
23 defined in section 25E(b)(2)) for residential prop-
24 erty.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to taxable years beginning after
3 December 31, 2005.

4 **SEC. 8. MORTGAGE INSURANCE INCENTIVE.**

5 Section 203(b)(2) of the National Housing Act (12
6 U.S.C. 1709(b)(2)), is amended, in the first undesignated
7 paragraph (relating to increase of amounts insured for
8 costs due to installation of solar energy systems) that fol-
9 lows subparagraph (A), by inserting “or due to seismic
10 retrofitting of the residence (within the meaning of the
11 term ‘seismic retrofit construction’ under section
12 25E(b)(2) of the Internal Revenue Code of 1986)” before
13 the period at the end.

14 **SEC. 9. EARTHQUAKE DISASTER MITIGATION AND RECOV-**
15 **ERY PLANNING GRANT PROGRAM.**

16 (a) DEFINITIONS.—Section 4 of the Earthquake
17 Hazards Reduction Act of 1977 (42 U.S.C. 7703) is
18 amended by adding at the end the following:

19 “(10) AGENCY.—The term ‘Agency’ means the
20 Federal Emergency Management Agency.

21 “(11) CRITICAL FACILITY.—The term ‘critical
22 facility’ means—

23 “(A) a public structure (including a police
24 station, fire station, city or town hall, school, or

1 other public building) or a public or nonprofit
2 private hospital that is—

3 “(i) owned by an entity; and

4 “(ii) critical to the continuity of the
5 entity or to the conduct of the disaster re-
6 sponse activities of the entity; or

7 “(B) a facility that—

8 “(i) provides medical services to a spe-
9 cific occupational or industry segment of
10 the general public; and

11 “(ii) is operated by an organization
12 described in subsection (c) or (d) of section
13 501 of the Internal Revenue Code of 1986
14 and exempt from taxation under subsection
15 (a) of such section.

16 “(12) CRITICAL PUBLIC INFRASTRUCTURE.—
17 The term ‘critical public infrastructure’ means a
18 utility or transportation system (including a bridge,
19 energy system, water or sewer system, or commu-
20 nication system) that is—

21 “(A) owned by an entity; and

22 “(B) critical to the conduct of the disaster
23 response activities of the entity.

24 “(13) EARTHQUAKE DISASTER.—

1 “(A) IN GENERAL.—The term ‘earthquake
2 disaster’ means a disaster that results from a
3 movement of the earth.

4 “(B) INCLUSIONS.—The term ‘earthquake
5 disaster’ includes a disaster that results from a
6 tsunami or an earthquake-caused landslide or
7 liquefaction (as determined by the Director of
8 the Agency).

9 “(14) GRANT PROGRAM.—The term ‘grant pro-
10 gram’ means the earthquake disaster mitigation and
11 recovery planning grant program established under
12 section 6.

13 “(15) INDIAN TRIBE.—The term ‘Indian tribe’
14 has the meaning given the term in section 4 of the
15 Indian Self-Determination and Education Assistance
16 Act (25 U.S.C. 450b).

17 “(16) INSTITUTION OF HIGHER EDUCATION.—
18 The term ‘institution of higher education’ has the
19 meaning given the term in section 101 of the Higher
20 Education Act of 1965 (20 U.S.C. 1001).

21 “(17) LOCAL GOVERNMENT.—The term ‘local
22 government’ means—

23 “(A) a city, town, township, county, parish,
24 village, or other general-purpose political sub-
25 division of a State;

1 “(B) an Indian tribe; and

2 “(C) a geologic hazard abatement or simi-
3 lar special purpose district formed to carry out
4 or fund projects to reduce the vulnerability of
5 infrastructure and buildings to earthquake dis-
6 asters.

7 “(18) LOSS REDUCTION TRUST FUND.—The
8 term ‘Loss Reduction Trust Fund’ means the Loss
9 Reduction Trust Fund established by section 7.”.

10 (b) GRANT PROGRAM.—The Earthquake Hazards
11 Reduction Act of 1977 is amended by inserting after sec-
12 tion 5 (42 U.S.C. 7704) the following:

13 **“SEC. 6. EARTHQUAKE DISASTER MITIGATION AND RECOV-
14 ERY PLANNING GRANT PROGRAM.**

15 “(a) ESTABLISHMENT.—The Director of the Agency
16 may establish a grant program to provide financial assist-
17 ance to eligible recipients described in subsection (b) to
18 pay the Federal share of the cost of carrying out earth-
19 quake disaster mitigation and recovery planning measures
20 with respect to the critical facilities and critical public in-
21 frastructure under the jurisdiction of the recipients.

22 “(b) ELIGIBLE RECIPIENTS.—

23 “(1) IN GENERAL.—To be eligible for a grant
24 under the grant program, an entity shall be a local

1 government, public or nonprofit private hospital, or
2 public institution of higher education that—

3 “(A) has jurisdiction over, or is located in,
4 an area that is subject to earthquake disasters;

5 “(B) submits to the Director of the Agency
6 for approval an application for the grant in
7 such form as the Director shall require;

8 “(C) has completed an earthquake disaster
9 risk analysis;

10 “(D) has adopted a long-term strategic
11 earthquake disaster loss reduction plan that
12 identifies high priority earthquake disaster loss
13 reduction projects; and

14 “(E) meets criteria established by the Di-
15 rector under paragraph (2).

16 “(2) CRITERIA.—

17 “(A) ESTABLISHMENT.—The Director of
18 the Agency shall establish, by regulation, cri-
19 teria that local governments, public and non-
20 profit private hospitals, and public institutions
21 of higher education shall meet to qualify for
22 grants under the grant program.

23 “(B) REQUIREMENT APPLICABLE TO
24 LOCAL GOVERNMENTS.—The criteria under
25 subparagraph (A) applicable to local govern-

1 ments shall include the requirement that a local
2 government adopt and enforce comprehensive
3 ordinances, building codes, land use measures,
4 and other measures for earthquake disaster loss
5 reduction that—

6 “(i) take into consideration the identi-
7 fied earthquake hazards applicable to the
8 area over which the local government has
9 jurisdiction; and

10 “(ii) reflect current, cost-effective
11 techniques designed to reduce losses from
12 earthquake disasters and ensure the con-
13 tinued functionality of critical facilities and
14 critical public infrastructure.

15 “(C) CONSULTATION.—The criteria under
16 subparagraph (A) shall be adopted after con-
17 sultation with—

18 “(i) Federal, State, and local govern-
19 ment officials and agencies; and

20 “(ii) other persons knowledgeable in
21 the fields of natural disasters and hazard
22 mitigation.

23 “(c) COST SHARING.—

24 “(1) IN GENERAL.—Subject to paragraph (2),
25 the Federal share of the cost of measures carried

1 out using a grant under the grant program shall be
2 75 percent.

3 “(2) INSUFFICIENCY OF FEDERAL FUNDS.—In
4 paying the Federal share under paragraph (1) in a
5 case in which there are insufficient funds in the
6 Loss Reduction Trust Fund to fund all applications
7 that are eligible for approval, the Director of the
8 Agency may consider—

9 “(A) the desirability of geographical dis-
10 persal of available funds;

11 “(B) the extent to which any applicant
12 faces a greater risk of earthquake disasters, in
13 number or severity, than other applicants;

14 “(C) the extent to which each applicant is
15 expending resources on addressing urgent prob-
16 lems concerning critical facilities or critical pub-
17 lic infrastructure; and

18 “(D) the extent to which the measures pro-
19 posed to be funded using the grant are expected
20 to result in cost savings to the Federal Govern-
21 ment under the Robert T. Stafford Disaster Re-
22 lief and Emergency Assistance Act (42 U.S.C.
23 5121 et seq.).

24 “(d) USE OF GRANT FUNDS.—

1 “(1) IN GENERAL.—A grant under the grant
2 program may be used—

3 “(A) to retrofit critical facilities and crit-
4 ical public infrastructure in accordance with
5 paragraph (2);

6 “(B) to implement earthquake disaster
7 mitigation measures in accordance with para-
8 graph (3); and

9 “(C) to develop earthquake disaster recov-
10 ery plans in accordance with paragraph (4).

11 “(2) RETROFIT OF CRITICAL FACILITIES AND
12 CRITICAL PUBLIC INFRASTRUCTURE.—

13 “(A) IN GENERAL.—A grant under the
14 grant program may be used to retrofit a critical
15 facility or critical public infrastructure with
16 parts or equipment that meets current stand-
17 ards for withstanding earthquake disasters (as
18 determined by the Director of the Agency).

19 “(B) SELECTION OF CRITICAL FACILITIES
20 AND CRITICAL PUBLIC INFRASTRUCTURE.—A
21 critical facility or critical public infrastructure
22 shall be selected for a grant under subpara-
23 graph (A) if the critical facility or critical public
24 infrastructure is identified in a long-term stra-
25 tegic earthquake disaster loss reduction plan

1 adopted under subsection (b)(1)(D) as having
2 high priority for retrofit because of the effect
3 that damage to the critical facility or critical
4 public infrastructure from an earthquake dis-
5 aster would have on the quality of human life
6 in the region and on recovery from the earth-
7 quake disaster.

8 “(3) IMPLEMENTATION OF EARTHQUAKE DIS-
9 ASTER MITIGATION MEASURES.—A grant under the
10 grant program may be used to implement an earth-
11 quake disaster mitigation measure designed to en-
12 sure the continued functionality of a critical facility
13 or critical public infrastructure.

14 “(4) DEVELOPMENT OF EARTHQUAKE DIS-
15 ASTER RECOVERY PLANS.—

16 “(A) IN GENERAL.—A grant under the
17 grant program may be used to develop an
18 earthquake disaster recovery plan that in-
19 cludes—

20 “(i) a plan for reestablishing govern-
21 ment operations and community services
22 after an earthquake disaster; and

23 “(ii) a plan for long-term recovery
24 after an earthquake disaster.

1 “(B) SCHEDULE FOR PAYMENT OF GRANT
2 FUNDS.—Of a grant for measures described in
3 subparagraph (A)—

4 “(i) 50 percent shall be paid upon ap-
5 proval by the Director of the Agency of the
6 application for the grant; and

7 “(ii) 50 percent shall be paid upon
8 adoption of the earthquake disaster recov-
9 ery plan by the local government, public
10 hospital, or public institution of higher
11 education.

12 **“SEC. 7. LOSS REDUCTION TRUST FUND.**

13 “(a) ESTABLISHMENT.—There is established in the
14 Treasury of the United States a fund to be known as the
15 ‘Loss Reduction Trust Fund’, consisting of—

16 “(1) such amounts as are appropriated to the
17 Loss Reduction Trust Fund under subsection (b);

18 “(2) such amounts as are appropriated to the
19 Loss Reduction Trust Fund under section 12(e);
20 and

21 “(3) any interest earned on investment of
22 amounts in the Loss Reduction Trust Fund under
23 subsection (d).

1 “(b) TRANSFERS TO LOSS REDUCTION TRUST
2 FUND.—There are appropriated to the Loss Reduction
3 Trust Fund amounts equivalent to—

4 “(1) such amounts as the Director of the Agen-
5 cy determines are remaining after the close-out of
6 any active disaster declaration account under the
7 Robert T. Stafford Disaster Relief and Emergency
8 Assistance Act (42 U.S.C. 5121 et seq.);

9 “(2) such amounts as—

10 “(A) were allocated for hazard mitigation
11 assistance with respect to a major disaster
12 under section 404 of that Act (42 U.S.C.
13 5170c); and

14 “(B) the Director of the Agency deter-
15 mines are remaining after expiration of the
16 time limits established under subsection (c) of
17 that section; and

18 “(3) amounts received as gifts under subsection
19 (f).

20 “(c) EXPENDITURES FROM LOSS REDUCTION TRUST
21 FUND.—Upon request by the Director of the Agency, the
22 Secretary of the Treasury shall transfer from the Loss Re-
23 duction Trust Fund to the Director of the Agency such
24 amounts as the Director of the Agency determines are nec-
25 essary to carry out section 6.

1 “(d) INVESTMENT OF AMOUNTS.—

2 “(1) IN GENERAL.—The Secretary of the
3 Treasury shall invest such portion of the Loss Re-
4 duction Trust Fund as is not, in the judgment of
5 the Secretary of the Treasury, required to meet cur-
6 rent withdrawals. Investments may be made only in
7 interest-bearing obligations of the United States.

8 “(2) ACQUISITION OF OBLIGATIONS.—For the
9 purpose of investments under paragraph (1), obliga-
10 tions may be acquired—

11 “(A) on original issue at the issue price; or

12 “(B) by purchase of outstanding obliga-
13 tions at the market price.

14 “(3) SALE OF OBLIGATIONS.—Any obligation
15 acquired by the Loss Reduction Trust Fund may be
16 sold by the Secretary of the Treasury at the market
17 price.

18 “(4) CREDITS TO FUND.—The interest on, and
19 the proceeds from the sale or redemption of, any ob-
20 ligations held in the Loss Reduction Trust Fund
21 shall be credited to and form a part of the Loss Re-
22 duction Trust Fund.

23 “(e) TRANSFERS OF AMOUNTS.—

24 “(1) IN GENERAL.—The amounts required to
25 be transferred to the Loss Reduction Trust Fund

1 under this section shall be transferred at least
2 monthly from the general fund of the Treasury to
3 the Loss Reduction Trust Fund on the basis of esti-
4 mates made by the Secretary of the Treasury.

5 “(2) ADJUSTMENTS.—Proper adjustment shall
6 be made in amounts subsequently transferred to the
7 extent prior estimates were in excess of or less than
8 the amounts required to be transferred.

9 “(f) GIFTS.—The Secretary of the Treasury may ac-
10 cept gifts of cash for transfer to the Loss Reduction Trust
11 Fund.”.

12 (c) FUNDING FOR CENTRAL UNITED STATES
13 EARTHQUAKE CONSORTIUM.—Section 12(a)(8)(B) of the
14 Earthquake Hazards Reduction Act of 1977 (42 U.S.C.
15 7706) is amended by striking the comma at the end and
16 inserting the following: “, of which \$1,000,000 is for the
17 Central United States Earthquake Consortium to fund a
18 multi-State consortium to reduce the threat of earthquake
19 damages in the New Madrid seismic region through efforts
20 to enhance preparedness, response, recovery, and mitiga-
21 tion,” .

22 (d) AUTHORIZATION OF APPROPRIATIONS.—Section
23 12 of the Earthquake Hazards Reduction Act of 1977 (42
24 U.S.C. 7706) is amended by adding at the end the fol-
25 lowing:

1 “(e) LOSS REDUCTION TRUST FUND.—There is au-
2 thORIZED to be appropriated to the Loss Reduction Trust
3 Fund \$1,000,000,000.”.

4 (e) POSTDISASTER ASSISTANCE.—

5 (1) DEFINITIONS.—Section 102 of the Robert
6 T. Stafford Disaster Relief and Emergency Assist-
7 ance Act (42 U.S.C. 5122) is amended by adding at
8 the end the following:

9 “(10) CRITICAL FACILITY.—The term ‘critical
10 facility’ means—

11 “(A) a public structure (including a police
12 station, fire station, city or town hall, school, or
13 other public building) or a public or nonprofit
14 private hospital that is—

15 “(i) owned by an entity; and

16 “(ii) critical to the continuity of the
17 entity or to the conduct of the disaster re-
18 sponse activities of the entity; or

19 “(B) a facility that—

20 “(i) provides medical services to a spe-
21 cific occupational or industry segment of
22 the general public; and

23 “(ii) is operated by an organization
24 described in subsection (c) or (d) of section
25 501 of the Internal Revenue Code of 1986

1 and exempt from taxation under subsection
2 (a) of such section.

3 “(11) CRITICAL PUBLIC INFRASTRUCTURE.—
4 The term ‘critical public infrastructure’ means a
5 utility or transportation system (including a bridge,
6 energy system, water or sewer system, or commu-
7 nication system) that is—

8 “(A) owned by an entity; and

9 “(B) critical to the conduct of the disaster
10 response activities of the entity.”.

11 (f) CONFORMING AMENDMENTS.—Section 12(a) of
12 the Earthquake Hazards Reduction Act of 1977 (42
13 U.S.C. 7706(a)) is amended by inserting “(as in effect on
14 September 30, 1997)” after “6 of this Act” each place
15 it appears.

16 **SEC. 10. FUNDING FOR ADVANCED NATIONAL SEISMIC RE-**
17 **SEARCH AND MONITORING SYSTEM.**

18 (a) FINDINGS.—Congress finds the following:

19 (1) The Advanced National Seismic System
20 (know as “ANSS”), established by the Director of
21 the United States Geographical Survey under section
22 13 of the Earthquake Hazards Reduction Act of
23 1977 (42 U.S.C. 7707), is charged with providing
24 timely data and information for seismic events, in-
25 cluding their effects on buildings and structures, by

1 employing modern monitoring methods and tech-
2 nologies.

3 (2) These technologies include an integrated
4 system of modern seismographs, communications
5 networks, data processing, and well-trained per-
6 sonnel.

7 (3) ANSS will automatically broadcast informa-
8 tion when a significant earthquake occurs for imme-
9 diate assessment of its impact.

10 (4) Where feasible, for sites at a distance from
11 the epicenter, ANSS will broadcast an early warning
12 seconds before strong shaking arrives.

13 (5) This capability can provide a warning that
14 may save lives and critical infrastructure.

15 (6) Since fiscal year 2002, Congress has appro-
16 priated funding for ANSS at a level that is consider-
17 ably lower than its authorization.

18 (b) SENSE OF CONGRESS.—It is the sense of Con-
19 gress that the Advanced National Seismic System should
20 be funded at its authorization level in order to achieve the
21 goal of deploying a nationwide network of over 7,000
22 earthquake sensor systems serving the entire United
23 States and providing dense coverage in 26 at-risk urban
24 areas.

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