

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2002 AND 2003

Mr. REID. Madam President, I ask unanimous consent that the Foreign Relations Committee be discharged from further consideration of H.R. 1646, a bill to authorize appropriations for the Department of State, and that the Senate then proceed to its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 1646) to authorize appropriations for the Department of State for fiscal years 2002 and 2003, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 3385

Mr. REID. Madam President, it is my understanding that Senator BIDEN has a substitute amendment at the desk which is the text of S. 1803 as passed by the Senate on December 20, 2001. I ask unanimous consent that the amendment be considered and agreed to and the motion to reconsider be laid upon the table.

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

The amendment (No. 3385) was agreed to.

(The text of the amendment is printed in today's RECORD under "Text of Amendments.")

Mr. REID. Madam President, I ask unanimous consent that the bill, as amended, be read a third time and passed; that the motion to reconsider be laid upon the table; that the Senate insist on its amendment, request a conference with the House on the disagreeing votes of the two Houses; and that the Chair be authorized to appoint conferees on the part of the Senate, with no intervening action or debate.

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

The bill (H.R. 1646), as amended, was read the third time and passed.

The Presiding Officer (Ms. STABENOW) appointed Mr. BIDEN, Mr. SARBANES, Mr. DODD, Mr. KERRY, Mr. HELMS, Mr. LUGAR, and Mr. HAGEL conferees on the part of the Senate.

MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that the Senate now proceed to a period for morning business for 15 minutes, and that the Senator from Arkansas, Mrs. LINCOLN, be recognized for that 15 minutes to speak in morning business.

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

The Senator from Arkansas.

U.S. INDEPENDENT FILM AND TELEVISION PRODUCTION INCENTIVE ACT OF 2001

Mrs. LINCOLN. Madam President, I rise to discuss the U.S. Independent

Film and Television Production Incentive Act of 2001. We are going to begin the debate about trade and the initiative of being a part of the global economy. We are going to talk about trade as an important tool in helping to revive and build our economy in our great Nation, as well as building jobs and certainly educating our workforce and building industries in our country that are going to be part of this global economy in which we find ourselves. The U.S. Independent Film and Television Production Incentive Act of 2001 is a bill designed for those purposes.

This is a bill designed to address the problem of runaway film and television production which is a major trade-related issue which costs our Nation billions of dollars each year.

Over the past decade, production of American film projects has fled our borders for foreign locations, a migration that results in a massive loss for the U.S. economy. My legislation will encourage producers to bring feature film and television production projects back to the cities and towns across the great United States, thereby stemming the loss we have seen in our economy from those runaway films.

In recent years, a number of foreign governments have offered tax and other incentives designed to entice the production of U.S. motion pictures and television programs to their countries. Certain countries have been particularly successful in luring film projects to their towns and cities through such offers as large tax subsidies.

These governments understand the benefits of hosting such productions do not flow only to the film and television industry; these productions create ripple effects, with revenues and jobs generated in a variety of local businesses: Hotels and restaurants, catering companies, equipment rental facilities, transportation vendors, even our State parks and other wonderful characteristics that each of our States has such an individual way of expressing and the wonderful things they have to offer, and many other benefits that fall into this ripple effect.

What became a trickle has now become, however, a flood, a significant trend affecting both the film and television industry as well as the smaller businesses they support.

Many specialized trades involved in film production and many of the secondary industries that depend on film production, such as equipment rental companies, require consistent demand to operate profitably.

This production migration has forced many small and medium-size companies out of business during the last 10 years. Earlier this year, a report by the U.S. Department of Commerce estimated that runaway productions drain as much as \$10 billion per year from the U.S. economy. These are dollars on which we have depended, that have been a vibrant part of our smalltown communities across the United States as well, places where we have seen won-

derful movie productions because of the tremendous amount of incredible scenery our States produce.

These losses have been most pronounced in made-for-television movies and mini-series productions. According to the report, out of 308 U.S.-developed television movies produced in 1998, 139 were produced abroad. That is a significant increase from the 30 that were produced abroad in 1990.

The report makes a compelling case that runaway film and television production has eroded important segments of a vital American industry.

According to official labor statistics, more than 270,000 jobs in the U.S. are directly involved in film production. By industry estimates, 70 to 80 percent of these workers are hired at the location where the production is filmed. Those would be the workers in the small communities of my State as well as the State of the Presiding Officer.

While people may associate the problem of runaway production with California, the problem has seriously affected the economies of cities and States across the country, given that film production and distribution have been among the highest growth industries in the last decade. It is an industry with a reach far beyond Hollywood and the west coast.

Even we in Arkansas feel it. For example, my home State of Arkansas has been proud to host the production of a number of feature and television films, with benefits both economic and cultural. Our cinematic history includes opening scenes of "Gone With the Wind" and civil war epics such as "The Blue and The Gray" and "North and South." It also includes "A Soldier's Story," "Biloxi Blues," "The Legend of Boggy Creek," and most recently, "Sling Blade," an independent production written by, directed by, and starring Arkansas' own Billy Bob Thornton.

So even in our rural State of Arkansas, there is a great deal of local interest and support for the film industry. My bill will make it possible for us to continue this tradition, and we hope to encourage more of these projects to come to Arkansas and to other States across our Nation.

To do this, we need to level the playing field. This bill will assist in that effort. It will provide a two-tiered wage tax credit, equal to 25 percent of the first \$25,000 of qualified wages and salaries and 35 percent of such costs if they are incurred in a low-income community, for productions of films, television or cable programming, mini-series, episodic television, pilots or movies of the week that are substantially produced in the United States.

This credit is targeted to the segment of the market most vulnerable to the impact of runaway film and television production. It is, therefore, only available if total wage costs are more than \$200,000 and less than \$10 million, which is indexed for inflation. The credit is not available to any production subject to reporting requirements

of section 18 of the United States Code 2257 pertaining to films and certain other media with sexually explicit conduct.

My legislation enjoys the support of a broad alliance of groups affected by the loss of U.S. production, including the following: national, State, and local film commissions, under the umbrella organization Film US as well as the Entertainment Industry Development Corporation; film and television producers, Academy of Television Arts and Sciences, the Association of Independent Commercial Producers, the American Film Marketing Association and the Producers Guild; organizations representing small businesses, such as the postproduction facilities, the Southern California Chapter of the Association of Imaging Technology and Sound; equipment rental companies, Production Equipment Rental Association; and organizations representing the creative participants in the entertainment industry, the Directors Guild of America, the Screen Actors Guild, and the Recording Musicians Association.

All of these are great Americans who want to keep their work in our country, but if it is cost prohibitive, if the objectives and the incentives that are provided by these other nations are given to this industry that we do not provide, what other choices are they given other than to take those jobs, to take those wages, out of our country and take them somewhere else?

In addition, the U.S. Conference of Mayors formally adopted the Runaway Film Production Resolution at their annual conference in June.

Leveling the playing field through targeted tax incentives will keep film production, and the jobs and revenues it generates, in the United States.

I urge all of my colleagues, as we talk about trade, as we talk about being a part of this global economy, as we talk about creating the jobs we want, that we have, and we would like to keep in the United States, to join me in supporting this bill in order to prevent the further deterioration of one of America's most important industries, and the thousands of jobs and businesses that depend on it.

Think of what it could do for small towns, for the main streets of America, to have a film produced there. They would not only have the cultural advantage, the economic advantage but the sense of pride and joy in being able to keep this industry in our country and doing what everybody can be most proud of, and that is sharing our home States and all of the many things we are all proud of in our home States in the production of American films.

PRESCRIPTION DRUGS

Mrs. LINCOLN. Madam President, as in morning business, I will talk a little bit about an issue that I think is probably the most paramount issue in the State of Arkansas and also probably

the most paramount issue across this great Nation, and that is the issue of the Medicare coverage of prescription drugs for our elderly. We have debated this issue for quite some time. I advocated that Congress add a universal voluntary prescription drug benefit to Medicare when I first started campaigning for the Senate in 1998. Five years later, we still have not passed a plan. We have to begin moving forward on this initiative, as I look across the great State of Arkansas and recognize the number of elderly in my State who would benefit from such a plan.

More importantly, we also have to look at how we as a government, in the economics of today, would benefit from a prescription drug plan for our elderly. If we do not want to do it for the quality of life for our elderly relatives, our grandparents, our parents, and all of those we love and adore, we should at least want to do it for the economics of this country because we know, without a doubt, particularly in rural America, that in providing a prescription drug package we are going to save dollars down the road because we prevent those elderly, when they are on a prescription drug, from having to have the more costly acute hospitalization or nursing care, or perhaps some of the more expensive home health care which they might need if we can simply keep them on a prescription drug plan that they so drastically need.

Both structure and costs of the benefit have been the main issues holding us up, but we have to move beyond those difficulties and those problems that we have in structuring cost.

I think back to last summer and some of the other members of the Senate Finance Committee with whom I was working. We were moving forward on coming together with a good compromise and working through the details of what we could see as being a beneficial plan for everyone in this country. Then, unfortunately, the events of 9-11 occurred. We, in the Congress, obviously, have had a great deal to deal with since then. We have talked about homeland security, our airport security, our national security, and the foreign affairs that come along with all of the issues we have dealt with since 9-11.

I do sincerely believe that now is the time we must remember what are the most important issues with which we have to deal on the homefront, particularly before we conclude this Congress. We must begin now with a prescription drug package if we clearly intend to come up with something by the end of this session, and I think we must look earnestly, not only at what we can afford but, more importantly, how we can get the biggest bang for that buck and how we can be assured that the majority of the elderly, particularly those who are in the greatest need, will receive a benefit package. Seniors need this now more than ever. We have to enact that benefit which is adequately funded and guaranteed to be universal, affordable, and accessible.

We have looked at some of the plans that have come out recently, and, unfortunately, they do fall very far short of what our seniors need. Much of the money has gone into some of the private areas that actually present me with great concern. Medicare+Choice, for instance, the last three Medicare+Choice plans in Arkansas were pulled out the end of December of last year. Not a single one of those three plans offered a prescription drug package. Medigap in Arkansas is disproportionately higher in cost than it is nationwide. So it does not provide the service, it does not provide the safety net, it does not provide the benefits that Arkansans need, and it comes at an exceptionally high price.

We have to look at putting competition in, but we have to make sure it is a benefit package that is going to work for all areas of this great country. We want to continue to work on this. Rural beneficiaries in my State are more likely to have poor health and lower incomes than seniors living in urban areas. They also use more prescription drugs.

That is one of the reasons I am here today. This is an extremely powerful issue in America and across rural America. We are only as strong as our weakest link. If rural America happens to be that weak link now, we must address those problems. Putting a plan into place that only gets at the problems of the urban areas or the highly populated areas is not going to work because it will continue draining the overall system in rural areas.

In Arkansas, 60 percent of seniors live in rural areas. I am extremely concerned about the limited prescription drug coverage available to them. Only 14 percent of Arkansas employers offer retiree health insurance. Only 2 percent of rural Arkansans are enrolled in managed care, which goes to show one size does not fit all. We have to come up with a comprehensive plan that has enough flexibility that we can make it fit all regions of this great Nation, but that we can do so in a way that is cost effective and cost efficient.

Medicare+Choice plans do not work in our rural States anymore, and Medigap coverage is out of reach for most seniors.

This is an essential issue with which we have to deal. We must come together. We must come up with a compromise. We must come up with a sound policy that will not only provide the quality of life we want for our loved ones but also a huge part of stabilizing our economy in this great country in a time when health care has blown completely out of proportion.

The PRESIDING OFFICER. The Senator from Florida.

Mr. NELSON of Florida. I ask unanimous consent to be recognized in morning business.

Mr. REID. If my friend from Florida would withhold for a minute, we are near the time where the majority leader will come to the floor. It should be