

on behalf of our State, on behalf of our men and women in uniform, on behalf of Native Americans, and on so many other matters, in the Senate.

I am certain I speak for all the people of Hawaii when I say thank you, DAN INOUYE, son of Hawaii, for over four decades of exemplary service and commitment to our State and our Nation. We are very proud of our senior Senator. Thank you, Mr. President.

Mr. BYRD. Madam President, on January 3, 1963, DANIEL INOUYE became a U.S. Senator. Today, 15,036 days later, he has become the fifth longest serving Senator in American history.

This is yet another accomplishment in the life and career of a remarkable man and outstanding American.

I must point out, however, that his has not been an easy or comfortable life. It has involved overcoming the trials and tribulations of immigration and discrimination.

Still, his has been a life of service to our country. During World War II, he served our country in the famed 442d Infantry Regimental Combat Team of World War II, the most decorated Army unit in U.S. history. He was awarded the Distinguished Service Cross, the Bronze Star, the Purple Heart, and the Congressional Medal of Honor, making him one of only seven Senators to have been awarded our Nation's highest military honor. His war-time heroics have now been documented in the film, "Daniel K. Inouye: An American Story."

His service to our country continued in the U.S. Senate where he became the first Japanese American ever to serve in the U.S. Congress, and served on the Senate Watergate Committee, the Congressional Iran Contra Committee, the Senate Appropriations Committee, and as Secretary of the Democratic Conference. I am pleased to point out that Senator INOUYE will soon cast his 14,000th vote.

Personally, I have always appreciated and respected his deep loyalty to the Senate and everything for which it stands. I will never forget his loyalty to me when I was the Senate Democratic leader. Whenever I needed his assistance, he was there. Whenever I needed his vote, he was there. Whenever I needed his friendship, he was there. In an address to the Senate last July, I referred to Senator INOUYE as "my hero in the Senate." I am confident that he always will be.

Senator INOUYE is a dear colleague and a remarkable man. Therefore, I take great delight in congratulating him on achieving this momentous occasion.

I congratulate the Senator. His colleagues are proud of him as are the people of Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. Madam President, I shall long remember this day. I just hope my constituents will not consider me too old to be running for reelection. I thank my brother from Alaska and

my leader from South Dakota. Those words will be cherished.

Mr. STEVENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

JUMPSTART OUR BUSINESS STRENGTH (JOBS) ACT—Continued

Mr. BUNNING. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 2686

Mr. BUNNING. Madam President, I send amendment 2686 to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. BUNNING], for himself, Ms. STABENOW, Mrs. FEINSTEIN, Mr. LEVIN, Mr. KOHL, and Mr. ROCKEFELLER, proposes an amendment numbered 2686.

Mr. BUNNING. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To accelerate the phasein of the deduction relating to income attributable to domestic production activities)

On page 71, strike lines 17 through 21, and the matter before line 22, and insert the following:

"(2) PHASEIN.—In the case of taxable years beginning in 2004, 2005, 2006, 2007, or 2008, paragraph (1) shall be applied by substituting for the percentage contained therein the transition percentage determined under the following table:

Taxable years beginning in:	The transition percentage is:
2004, 2005, or 2006	5
2007	6
2008	7.

AMENDMENT NO. 2687 TO AMENDMENT NO. 2686

(Purpose: To provide for the extension of certain expiring provisions, and for other purposes)

Mr. GRASSLEY. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

Mr. HARKIN. Madam President, point of order.

The PRESIDING OFFICER. The clerk will report the amendment by number.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY], for Mr. BAYH, Mr. SANTORUM, Mr. BUNNING, Mr. GRASSLEY, Mr. BAUCUS and Mr. DORGAN, proposes an amendment numbered 2687 to amendment No. 2686.

Mr. GRASSLEY. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

Mr. HARKIN. I object.

The PRESIDING OFFICER. The clerk will report.

(The assistant legislative clerk continued with the reading of the amendment.)

Mr. REID. I ask unanimous consent that the reading of the amendment be dispensed with.

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

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

Mr. REID. I ask unanimous consent that the Senator from Iowa, Mr. HARKIN, be recognized to speak for up to 7 minutes before we return to Senator BUNNING.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Iowa.

Mr. HARKIN. Madam President, I thank the Senator. I wanted to alert fellow Senators what is going on. It is obvious that the Republican side of the aisle does not want to vote on the overtime bill. For some reason, they are afraid to confront this issue. I don't want to take a lot of time. I would agree to a half hour evenly divided. We have debated this issue before. But make no mistake about it, the Department of Labor is about to issue regulations that will strip overtime pay protections from 8 million workers in this country.

This Senate, last year, on a bipartisan vote, passed my amendment to disallow those regulations. The House of Representatives also, on a bipartisan vote, voted to uphold what we did in the Senate. And the administration stripped it out on the Omnibus appropriations conference report.

They say this is a jobs bill. How about the jobs of people who are working overtime in America? How about the men and women who have given up their premium time with their families and with their kids, after work, on weekends, to work overtime? What about them? These are jobs, also. How about the people unemployed right now who would be employed but, if employers can work people over 40 hours a week and not pay them a cent more, why would they hire anybody else?

Last, as I said the other day and I pointed out, this is a dagger pointed at our veterans. You can look in the old regulations. There is nothing in there about training in the military causing you to be exempt from overtime pay protection.

Here, I blew it up on this chart. I am not going to read the whole thing, but basically it puts in these words: "training in the Armed Forces." What does that mean? It means if you get specialized training as a veteran and you come out and go to work, you can be exempt from overtime pay protection simply because you got that training in the Armed Forces. You aren't called a "learned professional" without a four-year specialized degree otherwise. But not if you are a veteran. The regulations would substitute veterans'

training for university education, at least to take their overtime away.

What it does is it makes a veteran who got specialized training in the Armed Forces less eligible for overtime pay than his or her counterpart who never served in the military who otherwise has the same education. That is why we feel so strongly about disallowing the proposed regulations of the Bush administration that will strip these overtime pay protections from 8 million workers.

Make no mistake about it, the Department of Labor is about to issue these regulations. They say they are going to issue them this month. Perhaps that is why the Republican side doesn't want to vote on them. They want the Department to issue the regulations, get them in force and effect. Then they know it is harder to overturn them, once those rules and regulations are out there.

I hope the working men and women around America are paying attention to what is happening on the floor of the Senate right now. The other side has known full well; they were told earlier on if they were going to call this a jobs bill, we ought to be allowed to offer our amendment for an up-or-down vote on whether the administration ought to be allowed to issue these regulations stripping overtime pay, regulations on which they have never had one public hearing, not one. Yet the other side is not letting us even vote on it. Not even vote on it. That is the charade. That is the game that is going on around here.

Are we stopping this bill? We are not stopping this bill. I heard someone say if the Harkin amendment on overtime pay is adopted it will kill the bill. Why, I ask, would it kill the bill? This is a jobs bill. We are trying to protect jobs in America.

At some point we will vote on this amendment. Maybe not on this bill, because I can see the writing on the wall now. They are going to keep second-degreeing this amendment to death. Then they are going to go off the bill and go onto the budget.

But I will be back. I don't want to quote the Governor of California, but, "I'll be back." I will be back and I will be back and I will be back. Whenever there is an opportunity for this Senator to offer this amendment to stop the taking away, the stripping of the rights of our working people in this country to overtime pay, I will be here. If there is an opportunity on this bill, I will do it, but I can see what is happening. The other side does not want this brought up for a vote, and they will do everything they can to preclude me from bringing it up.

I say to the other side: I will be back.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I ask unanimous consent, without the Senator from Kentucky losing his right to the floor, if I could have 60 seconds to say where we are right now.

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

Mr. GRASSLEY. The obvious thing going on here is that my colleague from Iowa wants to go out of turn and jump ahead of the line. We have an agreement lining up amendments. We did this yesterday morning. The overtime amendment is in that line, and it is just a matter of waiting until that sequence comes and that opportunity is going to be there. That is the fair way of doing business around here. As the manager of the bill, I am going to make sure we do this in a fair way.

I did offer an amendment to the Bunning amendment. That one part of the amendment that was just read is something that is very important to Iowa. We are going to have the largest wind energy generating project in mid-America in Iowa, if we can get the wind energy tax credit extended.

This is an amendment that extends a lot of the provisions that have run out. Wind energy is one of those. This gives an extension to all of these extenders that have run out. One of those is for wind energy, which affects the entire country, of course. But one of the largest wind energy projects ever is going to be in Iowa. If we can get this wind energy tax credit extended—

Mr. HARKIN. Will my colleague from Iowa yield for a question?

Mr. GRASSLEY. If it is OK with the Senator from Kentucky, yes, I will yield.

Mr. HARKIN. I wanted to ask if the other side would be willing to have a time agreement on the Bunning amendment and the Grassley amendment that was added thereto. Then maybe we can get to the overtime amendment.

Mr. GRASSLEY. Those are things that are being discussed. I think it is fair to say it ought to be OK if I don't have an answer to that right now for the simple reason that yesterday, and even earlier today, we tried to get agreements from the other side on some votes, and we weren't able to get them. But those are things that are eventually negotiated, as the vote we just had, and the same thing may happen on other amendments.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. BUNNING. Thank you, Madam President.

I rise today to offer an amendment which is cosponsored by the Senator from Michigan and the Senator from Wyoming, Mr. THOMAS.

I first want to compliment my chairman and ranking member for putting together the very good bill that we have before us today.

While no piece of legislation is ever perfect, the current situation in which we find ourselves as a result of the WTO decisions in the FSC and ETI cases presents this Congress with quite a challenge.

I supported this bill in the Finance Committee, and I think it does an admirable job in balancing the variety of interests at hand. However, I think the amendment at hand makes a good bill better.

Job creation and the economy is the top priority for Americans today. I think we have turned the corner and the economy is recovering, but we still lag in creating jobs.

We have an opportunity today to get behind manufacturing and make sure that high-paying American jobs stay in America for American workers. We can make "Made in the USA" mean something again.

Because we are forced to repeal the ETI, we are taking away an important export incentive from our country's manufacturers. The effect is to raise their taxes just as our recovery is gathering steam.

We have a responsibility to protect our domestic manufacturers and give them the ability to compete in the global marketplace. The manufacturing tax deduction contained in the bill before us today is designed to foster job creation and reverse the declines in the manufacturing sector employment levels.

It will reduce the tax burden on all domestic manufacturers, small and large.

As currently drafted, the bill before us phases in this important manufacturing tax provision over a number of years so that companies do not receive the full tax break—the equivalent of a 3-percent tax rate reduction on income generated by manufacturing inside the United States until 2009.

This amendment will phase in this rate reduction at an accelerated pace. As a result of the amendment by myself and the Senator from Michigan, U.S. manufacturers will have a tax rate decrease of 1½ percent in 2004, compared to the one-third of 1 percent provided in the underlying bill for 2004.

Due to the repeal of the ETI, American manufacturers are being asked to shoulder a tax burden that could stifle the recent job growth we have seen.

Our manufacturers shouldn't be saving for a tax increase. They should be hiring American workers and expanding their business.

In my State alone, manufacturing contributes \$31 billion to the State economy, and manufacturing firms employ 293,000 Kentuckians.

The workers of our States demand our support. This amendment and this bill are aimed at strengthening this important sector of our economy.

My amendment reaffirms our commitment to American manufacturing and will attract jobs to the United States.

I urge my colleagues to support this important amendment.

I yield to my friend from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Ms. STABENOW. Madam President, I appreciate the opportunity to join my colleague from Kentucky on a very important amendment. I also appreciate Chairman GRASSLEY and our ranking member, Senator BAUCUS, as well, for their leadership and their support in working with us on this important amendment.

Our amendment, as my colleague indicated, speeds up the tax cut for all U.S. manufacturers to address the current manufacturing crisis.

This particular amendment would increase the tax relief in 2004—five times more than in the underlying bill—and, in fact, would provide about \$6.5 billion in relief to manufacturers and small businesses over the next 5 years.

My colleague has gone into the specifics of a lot of this amendment. What I would like to do is spend my time talking about why this is so critical.

We have a crisis in manufacturing in this country. Nowhere is that more evident than in my home State of Michigan where last year we had the largest number of jobs lost in the country and the highest unemployment rate. This is an issue that is my top priority.

When we look at what has happened in terms of manufacturing jobs over the last number of decades, we see that we are back now to the lowest point since the Depression and when Herbert Hoover was President of the United States.

We have seen huge drops in jobs. My great concern is that even though we are seeing an increase as it relates to the stock market and positive indications, we have not yet seen that translate into jobs. I believe that is for many factors that relate to the pressures on manufacturers in a global economy.

When we look at the fact that the United States has lost over 2.8 million manufacturing jobs in the last 3 years, this is a crisis.

Let me speak specifically to a couple of examples I have talked about.

When we look at this number in Michigan compared to other States, there is a 19-percent job loss. We have seen literally, every single day, headlines in the papers about people losing their jobs, plants closing and going to other countries, the exporting of jobs, and layoffs occurring all around Michigan; not only in manufacturing, I might add, but when we look at the outsourcing issue, we are looking to white-collar jobs, technology jobs, engineers, health care workers, a wide variety of jobs. But we know in our country—and I believe very strongly coming from Michigan—that we have to have a foundation, a manufacturing base to have a strong economy and a strong middle class.

In Michigan, I am very proud of the fact that we make products and we grow products. That is the basis of our economy. Frankly, it has been the basis of the U.S. economy since the beginning of our country.

We are seeing a huge drop—on down to 2003—in what has happened in terms of jobs in Michigan.

One example I talked about earlier today is a plant called Electrolux in Greenville, MI, a community of 9,000 people in the western rural part of the State, where 2,700 people are employed to make refrigerators, Frigidaire, in fact, through Electrolux. They have

added a third shift and the company says they are making a profit. But they have also indicated they could make a bigger profit if they moved to Mexico and paid \$2.50 an hour and no health benefits. So they are closing. We have Michigan residents here today to speak at a hearing tomorrow about the devastation this loss of jobs will create.

We have to do everything possible to provide incentives and support for manufacturers to remain in the United States and keep our jobs here.

There are a lot of factors, when we look at what is happening with Electrolux and when we look at what is happening in Steelcase in Grand Rapids, MI, cutting 77 of its skilled workers.

Wohler, in Lansing, MI, has laid off 245 workers because of the bad economy and overseas competition; Easton, in Marshall, MI, indicates they would be cutting 185 of their 285 jobs and moving plants to Mexico; Federal Mogul in St. Johns and Greenville, MI, Lear Corporation in Traverse City, Giddings & Lewis in Menominee, Straits Steel in Ludington. The stories go on and on.

There are many reasons for that. We know we need to be smart about trade policies where we are encouraging the creation of a middle class and raising the standards around the world, raising standards in Mexico and in China and other places, where we are competing and finding our jobs are moving, and by raising that standard of living. Instead of losing or exporting our jobs, we can export our product and they will have a middle class so they can buy our products.

I indicated to the folks that Electrolux may be able to move the plant to Mexico and pay \$2.50 an hour with no health benefits, but the question I had was, who was going to buy the refrigerators? Certainly not citizens if they make \$2.50 an hour with no health benefits.

We have to be doing everything possible to create a race up instead of a race down. This amendment is a very important part of the equation to do that. We need to make sure we are providing incentives and tax relief for manufacturers which create jobs in the United States. This amendment, in fact, will do that.

We also know we need to tackle issues such as currency manipulation, where China, Japan, and other countries basically create a tax for our manufacturers. When a Michigan manufacturer sells a product into China they have to sell it at a higher price. It can be up to 40 percent equivalent of a tax into China. When Chinese businesses sell in the United States, they can artificially lower their prices. Why do they do that? They want us to move the plant to China instead of selling our goods to China. We need to tackle that. If the Secretary of the Treasury would simply certify that, in fact, currency manipulation is occurring, there

are actions we can take to level the playing field. That needs to happen as well.

Senator SCHUMER has a bill—in fact, I am a cosponsor—and I hope in addition to the amendment today and the legislation before the Senate, we would pass that very important legislation to level the playing field for our businesses and our workers in America.

We also need to address health care costs. We need to do it in a way that addresses the fact that our manufacturers have health care costs tied to employment in this country as part of doing business and in other countries they do not. We need to tackle that in a way that does not cost our workers in terms of their health care coverage or increase their costs. We can do that.

We also need to be addressing a number of issues that deal with trade.

The reality is, the place to start right now is with this bill. This amendment provides \$6.5 billion more in tax relief and assistance to manufacturers who create American jobs.

I have another amendment I will offer that will add to what I believe is a very important part of the picture. That is, this tax deduction phases out over the next 10 years and is then available to all manufacturers, not just domestic manufacturers. I believe that is a mistake and we ought to make sure it remains only for those creating jobs in America. I look forward to debating that even further.

I am pleased today to be sponsoring this amendment with my colleague. I should also indicate I have legislation I had introduced last fall with my colleague from South Carolina, Senator GRAHAM, on this very subject that included both the manufacturing tax credit and eliminated the phaseout so that those dollars and the tax credit would be focused on our domestic manufacturers.

What we see today is not only an issue that affects major employers. It is important to say this is a small business issue as well. The majority of manufacturing establishments are small businesses. The vast majority of them have 20 employees or less. This is not only an issue for our major manufacturers—and certainly in Michigan we are very proud of our large manufacturers; they are part of our auto industry and our high-tech industry, and we are very proud of our furniture industry and all of the other industries we have in Michigan—but this is very much a small business issue, as well.

Let me finally say as we help manufacturers, we are also helping our economy and our families in terms of standard of living. When we look at the average service-sector salary and a manufacturing-sector salary, we see a major difference. Within our families, our workers are able to have a good manufacturing job, they are able to have dollars in their pocket to care for their families, to buy that house, to send the kids to college, to be able, in Michigan, to buy that snowmobile or the cottage

up north and able to have the quality of life we all want for ourselves and our families.

The way to stimulate this economy, the way to keep consumer confidence moving and to keep all of the economic indicators moving in the right direction is to support our manufacturing sector in our country. That is what the bill does; that is what this amendment does.

I hope my colleagues will join together in a bipartisan way to support this particular amendment which will add significant support for our manufacturers. It will do it immediately this year because they need help now.

The PRESIDING OFFICER (Ms. COLLINS). The Senator from Montana.

Mr. BAUCUS. Madam President, I give my compliments to the yeoman efforts of the Senator from Michigan. She has done a wonderful job. She has many times come to me and asked: MAX, can't we do more? I have an amendment to accelerate the deduction and many times it will be explained how important it is, particularly for her people in the State of Michigan.

I compliment the Senator very much for her terrific work. Those in Michigan ought to know, she is persistent and steady in coming to this Senator and saying we have to do more; let's do this. And the same with the Senator from Kentucky, Senator BUNNING. I have heard from him. But I must be honest and seek a full disclosure and say the Senator from Michigan has been very consistent and done a superb job. I also compliment her on the charts. They are good charts, explaining the situation very well.

I thank the Senator for her statement. She is on target. Most Members in the Senate will vote for this amendment offered by the Senator from Kentucky and the Senator from Michigan. It is very important to do what we can to create and to retain jobs in America.

The underlying bill goes a long way to accomplish that objective, but this amendment goes further; and that is, I think it costs about \$6-point-some billion and accelerates the deduction, meaning that companies can get that deduction earlier. They can plan earlier. And it is for all size companies, not just big business, but all size business.

We all know, as the Senator from Michigan pointed out, half of all employees in America work for small businesses, and three-quarters of all new jobs in America are created by small businesses.

We often say small business is the backbone of America. Why do we say that? Because it is true. Small business is the backbone of America. A lot of these big companies can go offshore—and it is one of the problems we are trying to address—but the small business cannot go offshore in the main. If a big business goes offshore and takes contracts away, often small business bears the brunt of it. So it is very im-

portant we do what we can to keep jobs in America.

This clearly is a complex problem; that is, offshoring, outsourcing. It requires a very dedicated, concentrated effort to solve it. It is quite complex. There are various ramifications, various parts of this. The Senator from Michigan mentioned a good number of them, including the high cost of health care in this country.

One of the problems we are facing, too, is currency manipulation by various countries, including China and Japan, countries with huge reserves in currencies and having a great effect on the American economy; and it is not always good.

In addition to that, it is trade policy. We are reaching trade agreements with minuscule economies—Morocco, Bahrain. Well, that is fine. Morocco is a great country, as is Bahrain, but the point being, those are small economies. Rather, there are huge economies where we are not enforcing trade agreements already reached. One is China, this WTO, another is India.

We hear all the time about call centers moving to India. We do not hear about American companies selling to India, for a very good reason. India is a very closed country. It is very difficult to sell in India.

If we, as a country, were to use much more of our efforts to enforce trade agreements and open up huge markets—that is India and China—rather than using our efforts to reach trade agreements with smaller countries, we would be doing a much better job to help keep jobs in America. That is just one of the various things we can and should be doing.

Ms. STABENOW. Will my friend yield?

Mr. BAUCUS. I am happy to yield. I yield the floor, Madam President, so my good colleague can have the floor.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Madam President, I want to take a moment, first, to thank my colleague for his kind words and for his leadership. Secondly, I do want to indicate cosponsors on our side of the aisle to the amendment: Senators LEVIN, FEINSTEIN, KOHL, and ROCKEFELLER. I very much appreciate their support.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, I am just saying, we have a huge challenge here to help create jobs and to keep jobs in America and to retrain people who lose jobs.

This phenomenon of job loss is huge. As the chart by the Senator from Michigan shows, we have lost about 3 million jobs since 2001; that is net loss. Those are manufacturing jobs; a net loss of 3 million manufacturing jobs in America. We have also lost a good number of service jobs, but on a net basis, not near as many service jobs lost as manufacturing jobs. Manufacturing just pays significantly more than service.

I might also say, this is not just an American phenomenon. It is happening in countries worldwide. It is happening in virtually every country. The one country where it is not happening as much is Japan, interestingly. But it is happening in every other country. Why? I daresay part of the reason is due to just natural phenomena—not natural, but phenomena that are occurring worldwide, due largely to globalization, advances in technologies, communications technologies, which are forcing countries worldwide to compete even more aggressively, to cut their costs as much as they can, and producing wherever they can to get the best rate of return they possibly can.

That is why it is happening worldwide, not just in America. It is happening worldwide. Part of that is because of increases in productivity. Obviously, as productivity increases, more products are produced with fewer employees per product.

Just to state the problem does not mean we stop right there. We have to start finding answers to the problem; that is, how to get more employees, more workers, more Americans working in more good-paying jobs. One way is with this bill. This bill will help reduce the cost of production; that is, by deduction. This bill actually creates a 9-percent deduction for the cost of domestic manufacturing. That is important.

For example, take a small business whose income tax would be \$200,000 on domestic manufacturing, the 9-percent deduction calculates to roughly about a 3-percent reduction in the rate, so that is a \$6,000 reduction in that company's income taxes. That helps. That is not a small matter to reduce one's income taxes by that amount. So that is one partial solution to job loss in America this bill addresses.

Second, we adopted an amendment to this bill already. It is the Hatch-Murray amendment. Senator MURRAY very much knows, as does Senator HATCH from Utah, that Washington State is a State that a few years ago was called the "Silicon Forest" with all the sort of higher-tech companies developing in Washington State. The Washington Seattle Port trades a lot. Salt Lake City is not a huge seaport, by any stretch of the imagination, although they have the great salt lake—it is not small—but the point is, Senator HATCH from Utah also knows the importance of extending the research and development tax credit. It is a measure, frankly, he and I have introduced jointly many times over the years. But that provision now is also adopted as an amendment in this bill.

The more we can encourage research and development, the more we are going to create jobs and keep jobs. We know, too, that where the research is, is where the jobs tend to be; that is, where the products develop is where the jobs tend to be. This is a research tax credit for American research and

development. It is not overseas, but it is in America. So that, too, is going to help.

Now we come with this amendment, the amendment offered by the Senators from Kentucky and Michigan. It is an additional stimulus because it accelerates the deduction very significantly. That is going to help. It is going to go a long way.

There are lots of other things we need to do. I am not going to spend all night talking about them, but one is to adopt the second-degree amendment offered by the chairman of the committee; that is, the extenders provision. That is very important.

Madam President, you know, as well as anyone in this body about the importance of predictability, the importance of certainty, as much as possible, that any businessperson may have or may not have—or, to state it differently, the uncertainty they may have. Every businessperson abhors uncertainty. You almost don't care what the problem is so long as the problem is pretty certain. If you know what the problem is, you can work around it. If the problem is always changing, it is pretty hard to work around it.

We have had something called tax extenders, and they have been for very good purposes, as the Senator from Maine well knows. I think the Senator from Maine, as I recall, has one on education for teachers. It is to help teachers get their deduction for the supplies they purchase to help their students. That has expired.

Well, if I am a teacher with very low pay—it would be a great job, actually, in many respects; that is, to be a teacher—I would want to know if that deduction is still available or not. So far, it is not available. It has expired. But in the extenders package we are adopting here, we are going to extend that deduction so teachers will know, at least until the end of 2005—18 months roughly; they are going to have that.

There are a lot of other extenders, too. Senator BAYH, for example, is interested in the work opportunity tax credit and other similar tax credits which enable employers to get people off of welfare and hire people so they are doing work, so they can earn a living for themselves and their families. That tax credit has expired. Senator SANTORUM is also interested in extending that tax credit. We have that here in the extenders.

There are a good number of others. For example, Senators CLINTON and SCHUMER are very concerned about the liberty bonds for the development of New York City. That has expired. That is jobs. The more we can continue these extenders and get them back in the law, the more it enables those people in New York and others related to it to know whether or not they can depend upon those bonds and continue the reconstruction from the damage caused by 9/11.

In addition, there are some provisions that help the District of Colum-

bia. We don't have any Senators here representing the District of Columbia. We all are, in a certain sense. But those, too, are going to be available.

I mentioned the one the Presiding Officer is interested in. What about computers in schools? We have a provision for companies to donate computers to schools. That has expired. I would think we would want to extend that. That is going to help kids, help companies. It is going to help America. It provides jobs.

After that, there are a few others. I won't go into great detail. There are incentives for jobs, for health care, to clean up pollution and more.

Essentially, we have a responsibility to pass these extenders. We have been derelict over the years. Everybody likes these provisions. Everybody wants them. They last maybe a year, a year and a half, then they expire. We let them lapse sometimes for 6 months, sometimes 7, sometimes 8. Sometimes we go back and reenact them retroactively. Sometimes we don't. It is just nuts. They are yo-yo extenders. How in the world are people going to be able to plan if we are yo-yos?

We as Senators should put them permanently in the law because we always reenact them. My hope is over the not too distant future we will be able to do that.

Another temporary extension is in the bill. That is going to help address some of the job loss this country is facing.

I yield the floor.

Mrs. FEINSTEIN. Madam President, I come to the floor today to support the Bunning-Stabenow-Feinstein amendment which will immediately implement a manufacturing tax deduction that offers much needed assistance to our ever diminishing manufacturing base in this Nation.

I applaud the leadership of Senators BUNNING and STABENOW in reaching out to a bipartisan group of Senators and urge my colleagues to support this amendment.

Simply, this amendment would adjust the underlying bill to require an immediate implementation of the new manufacturing deduction and would result in an immediate benefit to our Nation's manufacturers by beginning the process of cutting their tax rate by 3 percentage points.

So if you produce manufactured goods in the United States, you will see a phased-in reduction of your tax rate from 35 percent to 32 percent by 2009.

This provides a competitive incentive for manufacturers to produce jobs by reducing their tax burden immediately.

Critically, this amendment not only includes heavy manufacturing, which is so important to our State and national economies, but also the production of software, film, video, and sound recordings. I do not have to tell anyone in this Chamber how important this is for California and the Nation.

The movie, television and home video industries, which are based in Cali-

fornia, are a tremendous economic engine of growth. The industry accounts for nearly 5 percent of the U.S. gross domestic product and is one of the largest employers in the country, having doubled its workforce over the last 25 years to a total workforce today of over 4.7 million workers.

I am working with Senators GRASSLEY and BAUCUS to make sure that these industries are able to take full advantage of the tax benefits that we are proposing here and I am confident that we will come to an agreement to do that.

But why single out manufacturing? Why not offer a tax cut to all businesses equally? The answer is clear. We have seen a dramatic decrease in our Nation's manufacturing base and a stimulus directed at this sector of our economy is long overdue.

Since January 2001 this Nation has lost 2.8 million manufacturing jobs. My home State of California, has lost more than 300,000 manufacturing jobs over that same period. That is a 16 percent decrease in California's manufacturing employment base in just 3 years.

It is time to stop the bleeding and this amendment will give manufacturers important tax relief so they may grow jobs here at home.

As has been pointed out by the National Association of Manufacturing: manufacturing accounts for nearly one fifth of the Nation's GDP; provides 15 million high paying jobs; supports another eight million jobs in other sectors; and is the seedbed of innovation in our economy, accounting for 62 percent of all research and development.

It is far and away our pacesetter in productivity gains, and accounts for the bulk of U.S. exports.

Manufacturing in the State of California contributed more than 26 percent to our State's domestic product—more than one quarter of my State's economic base.

But, the overhead costs of taxes, health and pension benefits, and rising energy prices add 22 percent to the price of U.S. production relative to our foreign competitors.

The erosion of high paying manufacturing jobs has continued unabated for years and we now see the phenomenon exacerbated by so many other factors, including outsourcing.

This amendment will help on both counts. It will reduce taxes on manufacturers and foster an environment for job growth in this important sector.

I urge my colleagues to support this amendment and bring an immediate pro-growth stimulus to an important part of our economy.

Mr. SMITH. Madam President, I rise today in strong support of the deductibility of private and government mortgage insurance premiums. Last year, my Finance Committee Colleague Senator LINCOLN and I introduced the Mortgage Insurance Fairness Act, S. 846. Today 19 of my Senate colleagues join me in supporting this proposal. We are introducing this important legislation as an amendment to the JOBS

Act, S. 1637. More than 12 million homeowners currently pay private or government mortgage insurance. This amendment will allow these homeowners an immediate tax savings and will allow an estimated 300,000 additional families per year to more easily qualify to buy a home. The vast majority of these new homeowners will be lower-income, minority and veteran households who need mortgage insurance the most.

The JOB Act is the perfect opportunity to allow hundreds of thousands of low-income Americans to qualify for homeownership. Mortgage insurance allows moderate income households to buy homes often with a down payment of as little as 3 percent. In 2001, mortgage insurance and guaranty programs covered 57 percent of mortgage purchase loans made to African-American and Hispanic borrowers as well as 54 percent of the mortgage purchase loans made to borrowers with incomes below the median. Unfortunately, unlike many other costs associated with homeownership, mortgage insurance premiums currently are not tax deductible. We want to permanently change this fact for taxpayers earning less than \$100,000 per year.

If we are successful in adding this amendment, we will have seized a unique opportunity to help millions of families receive immediate tax relief and hundreds of thousands more realize the American dream of homeownership. With supporters like the American Federation of Teachers, Americans for Tax Reform, the Mortgage Bankers Association and the National Urban League, this amendment brings diverse groups together in the common cause of homeownership.

I am proud to sponsor this amendment and I urge my colleagues to join this bipartisan effort to make the American dream of homeownership come true.

Ms. CANTWELL. Madam President, I rise today to express my support for amendment No. 2647 that, just yesterday, passed the U.S. Senate unanimously. I also thank every one of my colleagues for their support for what I believe is one of the greatest mechanisms for job creation and industry innovation. The amendment, of course, extends the research and development tax credit for 2 years.

The research tax credit, I believe, has demonstrated that it is a powerful incentive for companies to increase research spending. The tax credit lowers the cost of doing research in the United States, so it encourages companies to continue to make investments in critical R&D. And the bottom-line benefit is that research and development creates new jobs in the United States—something that is so vital right now for our Nation and for my State.

The current R&D tax credit is set to expire on June 30, 2004. Many of my colleagues, here, know we play this annual game of saying the R&D tax credit is important, but then not renewing

it on a permanent basis, thereby denying companies and organizations the certainty they need to make these investments. The major investments in nanotechnology and biotechnology, in software, and in the computer sciences take several years of investments. Without a planning horizon of at least several years, companies just won't put the money into R&D.

I am fully aware of the budget situation we are confronting, as Senator HATCH described yesterday. But, as my friend from Utah, stated, “[i]ronically . . . a permanent credit costs no more than one that is regularly extended.” And while I am a cosponsor of this amendment with a short term, 2-year extension because I fundamentally believe that the R&D tax credit is so imperative, I must also say that permanency of the tax credit remains a high priority for me. It is only in the permanency of the R&D tax credit that businesses can truly create a strategic business plan. As it stands, companies have to take into account the fact that Congress could allow the credit to lapse for a few months. That causes companies to hedge their bets, spending a little less on R&D, and our economy suffers as a result. By contract, permanency helps planning; and the sooner we make this permanent, the sooner companies can begin to enlarge and expand their research and development units, and the sooner their innovations will strengthen economic growth.

Who has created jobs in the last decade? Who has stimulated our economy to move forward? It is a lot of companies that have invested in R&D. It is the Microsofts. It is the Amazons. It is the variety of biotechnology companies from my state and others making investments that have increased the productivity of their workforce, allowing them to hire new people as new products and services are delivered.

The research credit creates jobs. More than 90 percent of the costs eligible for the credit are salaries and wages paid to researchers. The only way for a company to increase its credit is to increase its R&D payroll in the U.S.

First authorized in 1982, the credit has been reauthorized eight times, with a gap from June 1995 to June 1996. As I mentioned, the current credit expires in June 2004. However, its effectiveness is limited because businesses cannot rely on it in their long-term planning, and most R&D projects are long-term. In order to provide stability and broaden the reach of this proven incentive, Congress needs to make the credit permanent.

I cannot stress enough how important private investment in R&D is. R&D is the engine that brings us new medicines, new medical technologies, cleaner manufacturing technologies, advanced weapon systems and other tools in the war on terror. Furthermore, growth in our high tech economy depends on solid R&D, and there is no

good reason to delay making the credit permanent. A permanent tax credit will go a long way to providing the planners and investors the certainty that they need.

This amendment, having passed unanimously, shows the Senate's strong support for R&D. We have taken this one step forward; but let us not force these companies that serve as the engine for job creation to come back year after year for an extension of the R&D credit. Toward that end, I ask that we take this amendment one step further and make the research and development tax credit permanent.

Mr. ALEXANDER. Madam President, today I voted against the Dodd amendment for two important reasons. First, it is the wrong policy for growing jobs. And second, it tramples on the principle of federalism.

Nearly 150,000 Tennesseans are employed by foreign companies conducting business in Tennessee. As Governor, I helped attract some of those jobs and companies to our State—companies such as Nissan, Sharp, Bridgestone, Panasonic, and many others. The Dodd amendment could have denied them the ability to compete for government contracts. That's not right. If the Dodd amendment becomes law, it will discourage these foreign companies from investing in our country. In these times when we are trying so hard to grow new, high-paying jobs, the Dodd amendment is exactly the wrong policy.

Further, the Dodd amendment ignores the principle of federalism by limiting the States' options on granting contracts using Federal funds. The whole point in sending money to the States is that they know better than the Federal Government how to spend it to meet the needs of their citizens. As a former Governor, I know how frustrating it is to have the Federal Government tell you how you can or can't spend your money. Neither Tennessee nor any other State should have new burdens placed on how it spends federally granted funds.

Mr. SANTORUM. Madam President, I will offer an amendment to extend for 2 years the work opportunity and welfare to work tax credits, and to make certain improvements to these programs that will make them even more effective in helping Americans' transition from welfare to work along with other tax extenders. These credits clearly belong in a bill whose name is JOBS; I can think of few programs that have created jobs and provided basic workplace skills to a segment of the population that is badly in need of these resources with the efficiency and low cost of WOTC and W-t-W. I can also think of few jobs programs that have as positive an impact as these have on scarce state welfare resources. I am also pleased that Senator BAYH is joining me as a cosponsor of this bipartisan amendment. I would also like to thank Chairman GRASSLEY and Senator BAUCUS for their support of this important initiative.

WOTC and W-t-W are also key elements of welfare reform. Employers in the retail, health care, hotel, financial services, and food industries have incorporated this program into their hiring practices and through these programs, more than 2,700,000 previously dependent persons have found work.

A recent report issued by the New York State Department of Labor bears this out in economic terms. Comparing the cost of WOTC credits taken by New York State employers during the period 1996-2003, for a total of \$192.59 million, with savings achieved through closed welfare cases and reductions in vocational rehabilitation programs and jail spending, for a total of \$199.89 million, the State of New York concluded that WOTC provided net benefits to the taxpayers even without taking into account the additional economic benefits resulting from the addition of new wage to the GDP or reductions in other social spending such as Medicaid.

In that regard, the New York State analysis concluded that the roughly \$90 million in wages paid to WOTC workers since 1996 generated roughly \$225 million in increased economic activity. Perhaps even more importantly, the study found that roughly 58 percent of the TANF recipients who entered private sector employment with the assistance of WOTC stayed off welfare.

I mentioned the New York State study because it is the first of its kind; however, I am certain that similar conclusions would be reached in the Commonwealth of Pennsylvania or any of the other 48 states and the District of Columbia. These programs work and do so at a net savings to taxpayers. In fact, over a 7-year period there were more than 110,000 certifications for both WOTC and W-t-W in Pennsylvania alone enabling many to leave welfare and find private sector work. The legislation is supported by hundreds of employers throughout Pennsylvania and around the country.

WOTC and W-t-W have received high praise as well from the Federal Government. A 2001 GAO study concluded that employers have significantly changed their hiring practice because of WOTC by providing job mentors, longer training periods, and significant recruiting outreach efforts.

Mr. President, WOTC and W-t-W are not traditional government jobs programs. Instead, they are precisely the type of program that we should champion in a time when we need to be fiscally responsible. These are efficient and low cost public-private partnerships that have as their goal to provide a means by which individuals can transition from welfare to a lifetime of work and dignity.

Under present law, WOTC provides a 40 percent tax credit on the first \$6,000 of wages for those working at least 400 hours, or a partial credit of 25 percent for those working 120-399 hours. W-t-W provides a 35 percent tax credit on the first \$10,000 of wages for those working 400 hours in the first year. In the sec-

ond year, the W-t-W credit is 50 percent of the first \$10,000 of wages earned. WOTC and W-t-W are key elements of welfare reform. A growing number of employers use these programs in the retail, health care, hotel, financial services, food, and other industries. These programs have helped over 2,200,000 previously dependent persons to find jobs.

Eligibility for WOTC is currently limited to: (1) recipients of Temporary Assistance to Needy Families, TANF, in 9 of the 18 months ending on the hiring date; (2) individuals receiving Supplemental Security Income (SSI) benefits; (3) disabled individuals with vocational rehabilitation referrals; (4) veterans on food stamps; (5) individuals aged 18-24 in households receiving food stamp benefits; (6) qualified summer youth employees; (7) low-income ex-felons; and (8) individuals ages 18-24 living in empowerment zones or renewal communities. Eligibility for W-t-W is limited to individuals receiving welfare benefits for 18 consecutive months ending on the hiring date. More than 80 percent of WOTC and W-t-W hires were previously depending on public assistance programs. These credits are both a hiring incentive, offsetting some of the higher costs of recruiting, hiring, and retaining public assistance recipients and other low-skilled individuals, and retention incentive, providing a higher reward for those who stay longer on the job.

Program Renewal and Improvement. Despite the considerable success of WOTC and W-t-W many vulnerable individuals still need a boost in finding employment. This is particularly true during periods of high unemployment. There are several legislative changes that would strengthen these programs, expand employment opportunities for needy individuals, and make the programs more attractive to employers. These changes are reflected in legislation which I introduced along with Senator BAUCUS, S. 1180, and these changes are as follows: one combine WOTC and W-t-W. The administration's budget proposes to simplify these important employment incentives by combining them into one credit and making the rules for computing the combined credits simpler. The credits would be combined by creating a new welfare-to-work target group under WOTC. The minimum employment periods and credit rates for the first year of employment under the present work opportunity tax credit would apply to W-t-W employees. The maximum amount of eligible wages would continue to be \$10,000 for W-t-W employees and \$6,000 for other target groups \$3,000 for summer youth. In addition, the second year 50-percent credit under W-t-W would continue to be available for W-t-W employees under the modified WOTC; two, eliminate requirement to determine family income for ex-felons.

Under current law, only those ex-felons whose annual family income is 70 percent or less than the Bureau of Labor

Statistics lower living standard during the six months preceding the hiring date are eligible for WOTC. The administration's budget also proposes to eliminate the family income attribution rule; three, raise the WOTC age eligibility ceiling from 24 to 39 years of age for members of food stamp households and "high-risk youth" living in enterprise zones for renewal communities. Current WOTC eligibility rules heavily favor the hiring of women because single mothers are much more likely to be on welfare or food stamps. Women constitute about 80 percent of those hired under the WOTC program, but men from welfare households face the same or even greater barriers to finding work. Increasing the age ceiling in the "food stamp category" would greatly improve the job prospects for many absentee fathers and other "at risk" males. This change would be completely consistent with program objectives because many food stamp households include adults who are not working, and more than 90 percent of those on food stamps live below the poverty line.

I am very pleased that President Bush proposed a 2-year extension for these programs in his budget, as well as some useful modifications and improvements. The administration along with all of us in Congress are eager to continue our efforts to create jobs in America. The amendment would provide for a 1-year extension of current law to facilitate a transition period and then in the second year implement these important changes. I would prefer a permanent extension which would provide these important programs with greater stability, thereby encouraging more employers to participate, make investments in expanding outreach to identify potential workers from the targeted groups, and avoid the wasteful disruption of termination and renewal. A permanent extension would also encourage the state job services to invest the resources needed to make the certification process more efficient and employer-friendly. Yet the cost is a significant consideration in the current budget environment even though this is an excellent use of tax incentives which ultimately saves government resources while expanding opportunity for Americans.

Finally, I would urge the Senate to act quickly on this amendment and on the underlying vehicle. WOTC and W-t-W expired at the end of last year, and even though the extension we propose is retroactive, these programs will not be fully effective until they become law. The individuals who enter the workforce under these programs, and our states, that benefit greatly from the reduction in welfare that these programs generate, deserve quick action by the Senate on this amendment. I urge all of my colleagues to support this amendment.