

enormous amounts of money, and this is going to drain their revenue base, and it will have calamitous financial ramifications.

But as you listen to those projections—and I know they are pouring into Senators' offices—we have heard those arguments again and again, and they have not come to pass. I point out, for example—and I will quote—in 1997, the National Governors Association said the Internet Tax Freedom Act “would cause the virtual collapse of the State and local revenue base.”

The chairman of the Commerce Committee worked with myself and Senator STEVENS and others, and we passed the legislation. The Governors said that revenue base was going to collapse. But in the next year, local and State tax revenues were up \$7.2 billion. That is one example from over the last 8 years and the journey we have had in the debate over this legislation.

The same thing happened in 2001. Those who opposed our legislation said: The growth of e-commerce represents a significant threat to State and local tax revenues and they might lose tax revenue in the neighborhood of \$20 billion in 2003.

According to the National Association of State Budget Officers, State sales tax collections rose from \$134.5 billion in 2001 to \$160 billion in 2003, an increase of more than \$25 billion in 2 years.

We heard again and again this would be devastating to mom-and-pop stores on Main Streets, and pretty much the Main Streets of Maine and Oregon would shrivel up because of the special fix that was provided for sales online. Over the entire period this law has been on the books, the number of sales online has gone up something like 1.5 percent. It has been a tiny fraction of our economy.

The fact is, the major development over the 8 years we have had this legislation on the books is we have essentially seen most of our businesses go to “bricks and clicks.” If you walk on the streets of Maine, or the streets of Oregon, our smallest businesses so often are able to expand their sales because they have a significant online component, and people from all over the world can shop at a small store in Maine or Oregon. I think as the Chair will note, these small stores don't have big advertising budgets. They cannot send people all over the world to market their products. Because of the Internet, they are in a position to have a global marketplace. So major development in this field, rather than wiping out Main Street stores, has helped them.

Senator LEAHY brought in a small merchant from Vermont who talked to us specifically about the extraordinary gains they have been able to make as a result of the convenience provided by Internet shopping, which will certainly be harmed if the Alexander legislation were to pass.

I imagine we will continue to pummel this subject a bit more tomorrow.

Having been involved in this issue for 8 years, I think it is fair to say the decision the Senate makes on this subject will say a whole lot about the future of the Internet. We learned this morning, as the chairman of the Commerce Committee pointed out, we are already lagging behind in terms of broadband investment. That is the wave of the future. I think small towns in Maine and in Oregon—when we talk about access, for example, to the Net and new technology, it is not going to come about through cable, because cable is going to be very reluctant to make those major investments in small towns, such as those that the distinguished Presiding Officer represents, and my small towns. It is going to come about essentially through broadband, delivered via DSL, and the fact is, today, DSL in many jurisdictions is singled out for special and discriminatory treatment. If we were to not update the law, that would be a trend that would be sure to accelerate.

So I think this is going to be an extremely important vote tomorrow. This is a law that has worked. I will wrap up with this one comment I have mentioned to colleagues, as we have talked about this over the years. I have not found a single jurisdiction anywhere that can point to an example of how they have been hurt by their inability to discriminate against the Internet. That is all we have sought to do over the last 7 years. We said treat the Internet as you treat the offline world. When we started, that was not the case. If you bought a paper the traditional way in a number of jurisdictions, you would pay no taxes. If you bought the online edition of that very same paper, you would pay a tax. That was not technologically neutral. So we passed the first Internet tax freedom bill to deal with that kind of example.

For over more than 5 years, this is a law that has worked. Under the McCain compromise that we will vote on tomorrow, we would simply be updating that law to incorporate the kinds of technologies that evolved over the last few years.

I wanted to make sure tonight that people understood with a specific example of a message that would go from Providence, RI, to Portland, OR, how the vagueness in terms of the definitions in the Alexander legislation would, in my view, subject a simple message sent by BlackBerry via DSL to scores of new taxes. I cannot believe any Senator would want that to happen, and that is why I am hopeful we will get support for the McCain compromise and be able to move forward to final passage of the legislation.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ALEXANDER). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

MORNING BUSINESS

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate now proceed to a period for morning business, with Senators permitted to speak for up to 10 minutes each.

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

JOHN RHODES MEMORIES

Mr. COCHRAN. Mr. President, it has come to my attention that the family of former Congressman John Rhodes of Arizona has established a special Web site: www.johnrhodesmemories.org for the purpose of collecting memories from friends and former colleagues of this outstanding statesman.

When I was elected to serve in the U.S. House of Representatives in 1972 one of the first House leaders I came to know was John Rhodes, who was serving as chairman of the House Republican Policy Committee. Together with Congressman Gerald Ford, who was the Republican leader, he helped shape our legislative priorities and worked closely with President Nixon to formulate Republican Party policies.

The memories I have of John Rhodes include his impeccable manners, his courtesy, his warm, big smile, his good judgement and his honesty. He was well liked by all Members of the House, Republicans and Democrats.

It was foregone conclusion when Gerald Ford was selected by President Nixon to be his Vice President that John Rhodes would be elected by House Republicans to be the Republican leader. He was unopposed and elected unanimously.

He served as leader with distinction during a very challenging time. The Watergate experience decimated House Republicans, but he helped put us on the road to political recovery and eventual majority status. Even though he and I left the House about the same time—he to retirement and I to election to the Senate—we would get together occasionally at meetings of SOS, a group that meets every week to discuss mutual interests and ideas for the improvement of the country and beyond.

In summary, all my memories of the Honorable John Rhodes were good ones. His death on August 24, 2003, saddened all who knew him. He was a true friend and a great Congressman.

UKRAINIAN DEMOCRACY

Mr. LEVIN. Mr. President, the demise of the Soviet Union, in 1991, provided an opportunity for millions of people to chart their own destiny as people free from the yoke of repressive communism. At that time, there was great hope that a free and prosperous Ukraine could become a member of the

Euro-Atlantic community that is united by democracy, free markets and the rule of law.

In the past 12 years, Ukraine's transition to democracy and capitalism has been a difficult process marked by success and failure. The successes are many: Ukraine has given up nuclear weapons, peacefully changed power from Leonid Kravchuk to Leonid Kuchma, partnered with NATO's Partnership for Peace program, and has stationed roughly 1,600 troops in Iraq—one of whom, Private Ruslan Androshchuk paid the ultimate price for his service.

Yet, in spite of these achievements, Ukraine faces a stark choice of leadership as it seeks to shape its second decade of freedom from communism. Those who would seek to forge a new and open Ukrainian identity aligned with the community of democratic nations stand in contrast to those who seek to return the nation to its repressive past by establishing a more authoritarian regime that avoids the needed reforms it must undertake.

The choices facing the Ukrainian people are clear, and the upcoming October 2004 presidential election will play a critical role in determining the course that this proud and important nation will take. It is my hope that the presidential election will draw Ukraine closer to the West by cementing a strong and stable democracy. Unfortunately, a number of recent events and actions by the Ukrainian government have provided supporters of a democratic Ukraine with reason for concern.

In the lead up to the fall's election, Ukrainian president Leonid Kuchma has pursued constitutional changes that would shift substantial powers from the presidency to the Ukrainian parliament, the Verkhovna Rada, on the eve of the presidential election in which a strong opponent of the President is currently leading in the polls. In response to concerns expressed by many nations, President Kuchma dropped the most egregious provision, which would have replaced the direct election of the president with an election by the Ukrainian parliament. Deliberations on constitutional reforms, especially reforms that would alter the political landscape and structure of the nation, should be discussed in a full and open parliamentary debate with the broad participation of the Ukrainian population. Yet, the proponents of this measure primarily relied on backroom maneuvering to push through their changes. Although President Kuchma argued that he was not advocating these changes to strengthen his position, since he has said he will not run for reelection, many concerns existed that he was doing so to fortify the position of his allies in the legislature.

In a sign that true democratic aspirations in Ukraine are still alive, those changes to the Ukrainian constitution failed by six votes earlier this month. I am hopeful that President Kuchma will permit the election to go forward with-

out further attempts to undermine Ukraine's constitution.

The constitutional changes advocated by President Kuchma are just one facet of an increasingly authoritarian trend in Ukraine. Media repression that threatens the safety of Ukrainian journalists also limits the ability of citizens to obtain fair and accurate reporting prior to the October elections. A free press and open media are essential foundations for any open, democratic society. Yet the ability of the media to operate freely has been threatened in the past several years.

The commercial FM Dovira network removed Radio Free Europe/Radio Liberty, RFE/RL, Ukrainian-language programs from its schedule in February of this year. This move came after the takeover of the network by a political supporter of President Kuchma. The network had previously served as the RFE/RL major affiliate, reaching roughly 60 percent of Ukraine's population. Apparently RFE/RL programming did not "fit the envisioned new format of the radio network," despite the fact that these programs were the most popular shows on the station.

When Radio Kontynent, an FM commercial station in Kyiv, started airing RFE/RL programming a couple of weeks later, the station was raided and closed by Ukrainian authorities. The station's transmission equipment and three employees were briefly detained. The former owner of the station fled to Poland fearing for his life and is awaiting political asylum.

This action was not an isolated event, unfortunately. According to the Broadcasting Board of Governors, Ukrainian authorities continue an ongoing campaign against the independent media, including the harassment of journalists and the suppression of fact-based news and information and investigative reporting. Several journalists have been murdered and others have been killed in suspicious "accidents." We must do more to support efforts in Ukraine by journalists and media organizations that fight for fundamental rights.

Political repression and harassment apparently influenced the election for the mayor of Mukachevo, a town in southwestern Ukraine. Exit polls for this election indicated that Our Ukraine's candidate received 62.4% of the vote, yet a subsequent recount indicated that his opponent won by 5,000 votes. Reports trickling out after the election indicated that some of the election stations were raided and damaged by "criminal elements" and other ballots were summarily destroyed or ignored. Four members of the parliament were beaten and an election observer was hospitalized after being assaulted. In addition to this, prior to the election the Our Ukraine candidate temporarily was taken off the ballot and a theater director that allowed Our Ukraine to use his venue for a meeting was severely beaten.

The Organization for Security and Cooperation in Europe, OSCE, ex-

pressed its concerns about this election, as well as recent legislation that bars domestic non-partisan observers from monitoring elections. Without the assurances of a free, open, and transparent election, there is little to hope that the fall election will, in fact, uphold true democratic values. The events in Mukachevo and the barring of domestic observers are reasons for great concern. Recent actions, such I described, raise the fear that this election will be stolen from the Ukrainian people.

Ukraine has taken some positive steps toward the creation of democratic institutions and a free-market economy, though much more remains to be done. This is why a free and fair presidential election in October 2004 remains so important to determining the future path of Ukraine. Who emerges victorious from this election is a matter to be decided by the Ukrainian people. What is of concern to the United States is how these elections will be conducted. Both the election day and the pre-election period must meet international standards for a free and fair electoral process, including ensuring that candidates have unimpeded access to media outlets, citizens are guaranteed the opportunity to exercise their civil and political rights, free from intimidation and interference, and domestic and international monitors are allowed to observe the electoral process and report their findings. The numerous problems in Ukraine noted in elections in 1999 and 2002 by election observers only intensify everyone's concerns.

Ukraine, if it is to realize its considerable potential, must take action now to protect the fundamental human rights of its citizens. There have been some achievements in the past twelve years, but much more remains to be done. I know that my Senate colleagues share my concerns about the upcoming presidential elections and stand ready to support the Ukrainian people as they continue with efforts to make their nation more free and democratic.

LOCAL LAW ENFORCEMENT ACT OF 2003

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. On May 1, 2003, Senator KENNEDY and I introduced the Local Law Enforcement Enhancement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

Three employees of the Office of Diversity and Dialogue in Scottsdale, AZ, were injured on February 26, 2004, when a bomb delivered through the mail exploded in their office. The Office of Diversity and Dialogue offers community training and outreach programs and handles various complaints from city employees and citizens, including racial and sex discrimination grievances.