

## 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