Morehouse School of Medicine to establish an International Center for Health and Development;

$250,000 shall be made available to the International Law Institute;

AID is directed to restore biodiversity funding, which benefits the agricultural and pharmaceutical industries;

$700,000 is earmarked for Historically Black Colleges and Universities for implementation of a distance learning program;

AID is directed to ''uphold its commitment'' to American Schools and Hospitals Abroad by providing at least $15 million for fiscal year 2000, with the money allocated to institutions operating in Lebanon;

The bill directs that $500,000 shall be provided for research, training and related activities in the Galapagos Islands. Usually referred to as the Mitch McConnell Conservation Fund, the money will likely be allocated for the Charles Darwin Research Station and the Charles Darwin Foundation;

$861,000 is earmarked for the Seeds of Peace program;

$5 million is earmarked for the Irish Peace Process Cultural and Training Program.

$19 million is earmarked for the International Fund for Ireland;

$10 million is earmarked for the Russian Leadership Program;

$3 million is earmarked for Carelift International to support social transition initiatives in Central Europe and the new independent states;

The Department of State is directed to take measures ensuring the establishment of the International Law Enforcement Academy of the Western Hemisphere at the deBremmond Training Center in Roswell, New Mexico;

$35.8 million is earmarked for the Global Environment Facility.

Total: $321 million.

## RESEARCH AND EXPERIMENTATION TAX CREDIT

Mrs. FEINSTEIN. Mr. President, I rise to note that since June 30 of this year, the Research and Experimentation Tax Credit has, once again, been allowed to lapse. As this body considers whether to enact a so-called ''extenders'' package, I want to urge my colleagues to include and pass a permanent extension of the Research and Experimentation tax credit.

The research and experimentation tax credit provides business an incentive to fund development of the technologies of tomorrow by providing a tax credit for investments in research.

The research and experimentation tax credit is an important element in the creation of strong economic growth and rising productivity. Industry leaders have credited it with spawning private enterprise investments. It is especially important to the high-tech and emerging growth industries that are driving the California economy. And, because it creates jobs and spurs economic activity, the research and experimentation tax credit helps to increase the tax base, paying back the benefit of the credit.

Yet, despite its many benefits, for 18 years the research and experimentation tax credit remains, inexplicably, a temporary tax provision requiring regular renewal.

In fact, since 1981, when it was first enacted, the Research and Experimentation Tax Credit has been extended nine times. In four instances the research credit had expired before being renewed retroactively and, in one instance, it was renewed for a mere six months.

This is not a process which is conducive to encouraging business investment in the innovative industries—high technology, electronics, computers, software, and biotechnology, among others—which will provide future strength and growth for the U.S. economy.

Earlier in this decade California was faced with its severest economic downturn since the Great Depression. Today, the California economy is healthy and vibrant, and it is so in no small part because of the critical role played by innovative research and development efforts in nurturing new ''high tech'' industries.

Today the 150 largest Silicon Valley companies are valued at well-over $500 billion, $500 billion which did not exist two decades ago. Much of this growth is a result of ability of companies to undertake long-range and sustained research in cutting-edge technologies. Scores of California companies—and companies across the country—owe much of their success and growth to the incentive provided by the research and experimentation tax credit.

Research and experimentation is the lifeblood of high technology development, and if we want to continue to replicate the successful growth that has characterized the U.S. economy during this past decade it is crucial that we create a permanent research and experimentation tax credit.

For example, Pericom Semiconductor, located in San Jose, has expanded from a start-up company in 1990 to a company with over $50 million in revenue and 175 employees by the end of last year and is ranked by Deloitte Touche as one of the fastest growing companies in Silicon Valley. According to a letter I received from Pericom, utilization of the research and experimentation tax credit has been key to their success, enabling them to add engineers, conduct research, and expand their technology base.

Indeed, according to a 1998 study conducted by the national accounting firm Coopers & Lybrand, a permanent credit will increase GDP by nearly $58 billion (in 1998 dollars) over the next decade. The productivity gains from a permanent extension will allow workers throughout the Nation to earn higher wages, and the additional tax revenue created by these new jobs will help pay back the benefit of the credit.

Whether it is advances in health care, information technology, or environmental design, research and development are critical ingredients for fueling the process of economic growth.

Moreover, aggressive research and experimentation is essential for U.S. industries fighting to be competitive in the world marketplace. For example, American biotechnology is the world leader in developing effective treatments and biotech is considered one of the critical technologies for the 21st century. With other countries heavily-subsidizing research and development, it is critical that U.S. companies also receive incentive to invest the necessary resources to stay on top of breakthrough developments.

I recently received a letter from the CEO of Genentech, for example, in which he wrote:

> The R&D tax credit is especially important to Genentech and our patients. Our newest therapy, Herceptin, which is used to treat metastatic breast cancer, is a prime example. The early clinical trials for Herceptin showed that it was a somewhat effective treatment for metastatic breast cancer, but the results were not particularly robust. It was a classic case of a research project being ''on the bubble'' in terms of deciding whether to go forward into the most expensive phase of human clinical trials. However, because the value of the tax credit to Genentech directly means that we are able to move one additional drug candidate each year into clinical trials, we were able to move forward with the Phase III Herceptin clinical trial in late 1994. I dare say that without the R&D credit, Herceptin might well not have become a reality. Today, thousands of patients are receiving this important treatment.

I ask unanimous consent that the full text of the September 30, 1999 letter from Genentech Chairman Arthur Levinson be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GENENTECH, INC.,
*San Francisco, CA, September 30, 1999.*

Hon. DIANNE FEINSTEIN,
Hon. BARBARA BOXER,
*U.S. Senate, Hart Senate Office Building, Washington, DC.*

DEAR SENATOR FEINSTEIN AND SENATOR BOXER. On behalf of Genentech, I would like to thank you both for your long-standing leadership and support for the Research and Experimentation Tax Credit, more commonly known as the R&D tax credit. Once again, however, we find ourselves in the perilous position of the Congressional session quickly coming to an end without providing an extension of the credit, which expired on June 30, 1999. As you are well aware, the credit is critical to California's economy, as the high technology and biotechnology sectors count on the value of the credit to continue the economic expansion our sectors have enjoyed for the past few years.

The R&D tax credit is especially important to Genentech and our patients. Our newest therapy, Herceptin, which is used to treat metastatic breast cancer, is a prime example. The early clinical trials for Herceptin showed that it was a somewhat effective treatment for metastatic breast cancer, but the results were not particularly robust. It was a classic case of a research project being ''on the bubble'' in terms of deciding whether to go forward into the most expensive phase of human clinical trials. However, because the value of the tax credit to Genentech directly means that we are able to move one additional drug candidate each year into clinical trials, we were able to move forward with the Phase III Herceptin clinical trial in late 1994. I dare say that without the R&D credit, Herceptin might well not have become a reality. Today, thousands of patients are receiving this important therapy.

Clearly, Genentech is among the most research intensive companies in the world. In

1996, we invested $471 million, or 49% of our revenue, on research and development and have consistently devoted more than 30% of revenues to R&D in the subsequent years. But research is our lifeblood. It gives life to the ideas we test to treat serious, unmet medical needs. Our strong portfolio of products is a direct reflection of the ideas our scientists have brought from the lab to the patient. And, as evidenced by our exciting pipeline, I firmly believe the best of our science is yet to come.

Direct federal support for overall research has, for the most part, been declining for over a decade. While a long-term commitment to increasing funds available to the federal government for basic research is important, maximizing private industry innovation through a permanent R&D tax credit is perhaps the most cost-effective means of ensuring that high levels of private-sector investment will continue to be made.

Your leadership and commitment to the R&D tax credit, has resulted in great economic benefit for both our country and for California. I encourage you to, once again, redouble your efforts to extend the credit now so that greater economic benefits and new therapies can benefit all Americans.

I have attached a couple of op-ed pieces regarding the credit which I and others wrote, and which ran in the San Jose Mercury over the last two years. I look forward to continuing to work with you and your staffs in support of the R&D tax credit.

Sincerely,

ARTHUR D. LENINSON, Ph.D.,
*Chairman and Chief Executive Officer.*

Mrs. FEINSTEIN. Most biotech research and development efforts are long term projects spanning five to ten years, sometimes more. The uncertainty created by the temporary and sporadic extensions is incompatible with the basic needs of biotech innovation—providing companies with a stable time frame to plan, launch, and conduct research activities. In the case of a promising but financially intensive research project, such unpredictability can make the difference as to whether the project is completed or abandoned.

Anyone who has watched the growth of America's high tech sector in the past two decades—much of it in California—has seen first hand how research and development investment leads to new jobs, new businesses, and even entire new industries. And anyone who has benefitted from breakthrough products—from new treatments for genetic disorders to cleansing contaminated groundwater—has felt the effect of this tax credit.

Over the past two decades the research and experimentation tax credit has proven its worth in creating new technologies and jobs and in growing tax revenues for this country. It should not be imperilled by remaining a temporary credit, subject to termination because of the uncertainty of a given political moment. I urge my colleagues to work to make sure that any Senate tax bill contains a permanent extension for the Research and Experimentation Tax Credit.

## INCREASING THE FEDERAL RESPONSE TO THE AIDS EPIDEMIC

Mr. KERRY. Mr. President, we are now entering the third decade of the AIDS epidemic and while we have made some progress in fighting this devastating disease, our federal response is still lacking.

More than 400,000 people have died of complications associated with acquired immunodeficiency syndrome since 1981. Last year, more than 54,000 new cases of AIDS were reported in this country. This trend is staggering and belies the misperception that somehow the AIDS epidemic in this country or abroad has abated. While it is true that therapeutic and treatment breakthroughs have led to longer and more productive fulfilling lives for those living with HIV, and that the death rate from AIDS has fallen in recent years, the fact remains that this epidemic has no cure and the rate of new infections has not slowed.

But these are days of great hope, Mr. President, in the fight against AIDS. During the years of inaction by the Reagan and Bush Administrations during the 1980s, we entered the second decade of the epidemic on a much different note: treatments were few, toxic and largely ineffective; training of physicians in the care of patients with HIV was incomplete, uneven and erratic; discrimination and abuse of people living with AIDS in housing, employment and medical care was rampant and abhorrent. It was difficult to have much hope as we entered the 1990s.

But this decade has seen great promise. We have made significant strides. No longer an immediate death sentence, AIDS has lost some—but certainly not all—of its social stigma. In that dark dawn of the epidemic, Mr. President, who would have believed that we would see a decade in which two Miss Americas would be AIDS activists, touring the country and speaking out on AIDS prevention and care? In the early 1980s, who would have believed that we would have an Office of AIDS Research at the National Institutes of Health, that funding for the Ryan White program would increase by 260 percent, or that funding for AIDS research would increase by 67 percent?

And yet, Mr. President, the rumbling of the epidemic has not been stilled. In the early 1980s, who would have believed that some African countries would have 25 or 35 percent infection rates, or that an entire generation of gay men in the United States would be lost? Who would have believed that infection rates would continue at staggering paces at the same time leading voices would declare the epidemic over? Have we truly become victims of our own success?

I certainly hope not, for as Tony Kushner wrote at the end of his monumental play, Angels in America, ''great work remains to be done.''

Until we have an AIDS-free day in America, I will not become complacent. As ranking member of the Housing subcommittee, I know that great work remains to be done in finding shelter for people living with AIDS. I was pleased that my colleague from Missouri, Senator BOND, and my friend from Maryland, Senator MIKULSKI, were able to answer my request positively to increase funding by $7 million for the Housing Opportunities for People With AIDS program in the VA–HUD and Independent Agencies appropriations bill for fiscal year 2000. This money is crucial as people living with AIDS have a fundamental need for adequate and safe housing. I will continue to work with all of my colleagues to keep the HOPWA program sufficiently funded.

Great work remains to be done on HIV prevention. We are lacking in our commitment to adequately fund the Centers for Disease Control in their anti-HIV efforts. Until a cure is found, we must ensure that the federal government issues information widely which is accurate, blunt and unequivocal. Prevention efforts work, Mr. President. I have seen the work of the AIDS Action Committee in Boston and I can tell you that their innovative programs are working to slow the spread of AIDS. Unlike the increase in funding which the National Institutes of Health has received, the CDC's prevention efforts have remained at roughly the same level in the past few years. It was my hope that the appropriators would have recognized the unmet needs related to HIV prevention in this country and it is my fear that the failure to keep pace with that need portends a disaster.

For example, in this legislation as in other legislation this year, we again were subjected to the perennial ill-informed debate on the issue of needle exchange. I am dismayed that the Labor-HHS-Education appropriations bill will include language which deprives the Secretary of Health and Human Services from using her discretion based on science and empirical academic study to determine if needle exchange programs reduce the transmission of HIV without encouraging illicit drug abuse. This is bad public policy, when Senators act like scientists, and it is bad health policy. It is my hope that the conferees on this bill will restore the Secretary's discretion.

Great work remains to be done in combating AIDS abroad. We are a failure in our policy toward Africa. Our international efforts need to be bolstered to assist developing countries crippled by the effects of HIV disease. My distinguished colleague and friend from Vermont, Senator LEAHY, has been stalwart in raising the funding levels to fight AIDS abroad in the Foreign Operations appropriations bill and the Congress needs to follow his guidance by continuing to increase these levels. In addition, tomorrow I will introduce the Lifesaving Vaccine Technology Act of 1999 to spur research of vaccines to combat diseases which kill more than one million people every