

most other industrialized nations. Any disparity enhances the ability of foreign competitors to engage in a wider range of financial activities than U.S. companies.

In closing, making this provision a permanent part of the law would provide for an equitable and stable international tax regime for the U.S. financial services industry. We hope that this legislation will receive every possible consideration.

MAKE SUBPART F LAW
PERMANENT

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. NEAL. Mr. Speaker, I am very pleased to join Representative JIM MCCRERY and a majority of the Ways and Means Committee in introducing legislation to make permanent the exclusion from Subpart F of the Internal Revenue Code for active financial services income of U.S. businesses operating in foreign markets. This provision permits American financial services firms doing business abroad to pay U.S. tax on their foreign earnings only when those earnings are returned to the U.S. parent. The provision expires at the end of this year.

This rule for active financial services is the same rule that applies to most other types of U.S. companies, and is the general rule in most of the industrialized world. Most competitors of U.S. financial institutions operate under tax regimes that generally do not tax currently active financial income earned outside their home countries. Making the Subpart F rule for active financial services permanent means that U.S. financial services companies will be on a level playing field throughout the life of the contract for which they are competing when they seek to compete in overseas markets with foreign-based financial services companies. While taxes are clearly not the only factor in determining the competitiveness of U.S. financial companies abroad, they do make a difference. In an increasingly global world with increasingly sophisticated competition, we cannot afford to put our financial services companies at such a disadvantage any longer.

Mr. Speaker, my colleagues and I believe it is vital to make the active financing provisions of current law permanent, to provide stability to our American service industries and all who work for them.

A TRIBUTE TO SHERYL BOYCE

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. TOWNS. Mr. Speaker, I rise today to honor Sheryl Boyce of Canarsie, for her many years of leadership in the civic and religious communities.

Ms. Boyce believes that to live in the community it is important to serve your community as well. For this reason she has spent nearly two decades as an active community resident. She has been an active member of the Bay

View Tenants Association, serving as the financial secretary, recording secretary, and editor of the Association Newsletter. In addition, she organized the Association's first clean up day. Ms. Boyce has taken a particular interest as a mentor, serving as a Girl and Boy Scout Leader and a chaperon on numerous youth outings.

Sheryl is also an active member of St. Albans' Episcopal Church. She is on the Altar Guild and serves as a treasurer of the Episcopal Church Women. She has been elected to the Vestry for the third time and serves as a mentor to the altar girls and boys.

Mr. Speaker, Ms. Sheryl Boyce is a woman of deep religious conviction who has served her community and her church with the same level of dedication. As such, she is more than worthy of receiving our recognition today, and I hope that all of my colleagues will join me in honoring this truly remarkable woman.

FREEDOM OF THE MEDIA IN
RUSSIA

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. HOYER. Mr. Speaker, I participated recently in a Congressional delegation to Russia, led by my friend CURT WELDON, where we met with government officials and others to assess the economic and political situation in that country and the state of U.S.-Russian relations. As Co-Chairman of the Duma-Congress Study Group on which I serve with Mr. WELDON, and as former Chairman and Ranking Member of the Helsinki Commission, I have traveled to Russia and the former Soviet Union frequently since the early 1980s.

We are encouraged by Russia's continued progress, however tentative it may appear at times, towards becoming a democratic state that guarantees the inalienable rights, including religious freedom and respect for human rights and the rule of law, of all its citizens. That is why it is disturbing to see an important tenet of democracy—freedom of the media—being threatened by federal government actions and by local officials as well.

The seriousness of this problem has been addressed by both the Clinton and Bush Administrations and has received widespread attention in the Western press, including recent editorials in *The Wall Street Journal* and *The Washington Post*. In Moscow, we were briefed by Ambassador Jim Collins, who told us about the threats to the media, particularly NTV and its holding company, Media Most, and we also met with Evgeny Kiselev, head of NTV—the only independently operated television station in Russia—who described incidents of harassment and intimidation directed against himself and other NTV personnel.

Moreover, as we have seen in the past, journalists in Russia are under threat of physical attacks, even murder, at the hands of unknown assailants if they offend the wrong people with their reporting.

Mr. Speaker, I would like to bring to the attention of my colleagues the State Department's Country Report on Human Rights Practices-2000, just sent to the Congress by the Bureau of Democracy, Human Rights, and Labor, as required by law. It is a valuable doc-

ument that assesses human rights conditions, country by country, around the world and has proven a reliable source of information for Members to better understand how individual governments treat their own citizens.

The section on Russia, which covers 45 pages, states that the government "generally respected the human rights of its citizens in many areas," but that "serious problems remain, including independence and freedom of the media. . . ." The report goes on to state "Federal, regional, and local governments continued to exert pressure on journalists by: initiating investigations by the federal tax police, FSB, and MVD of media companies such as independent Media-Most. . . ."

The report also provides an account of the government harassment of and threats to Mr. Vladimir Goussinsky, founder and chairman of Media-Most, which owns NTV, and his arrest and detention in a Moscow prison. Today, Mr. Goussinsky is confined in Spain, awaiting the disposition of a Russian prosecutor's request for extradition, as Kremlin authorities have been engaged in a series of actions to shut down the country's only privately owned television station, or have it taken over by a government-controlled company.

Sadly, Mr. Speaker, these efforts have come to fruition today. Press reports indicate that, in an apparent boardroom coup, the current NTV board, including Mr. Goussinsky, was ousted by the Russian gas firm Gazprom, which says it owns a controlling stake of the station. Mr. Kiselev has been replaced by an associate of the Gazprom directors. Russia's only two other nationwide television stations, ORT and RTR, are already controlled by the government.

Mr. Speaker, I urge the government of the Russian Federation to strengthen democratic institutions and the rule of law by guaranteeing and supporting media pluralism and independence in Russia. Clearly, the foundation of a free and democratic society is a well informed citizenry. That foundation crumbles when freedom of speech and freedom of the media are suppressed. I also urge my colleagues to review the State Department's report on human rights conditions, particularly the section on Russia.

INTRODUCTION OF THE DEPOSIT
INSURANCE FUNDS MERGER ACT
OF 2001

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. LaFALCE. Mr. Speaker, today I introduce legislation that merges the FDIC's Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) on January 1, 2002. I am joined by Representative MAXINE WATERS as an original cosponsor. A merger of the BIF and SAIF would clearly benefit the deposit insurance system by creating a single, more diversified fund that is less vulnerable to regional economic problems.

In addition, a merger of the funds would more accurately reflect the reality of today's financial services industry, in which over 40 percent of the SAIF deposits are held by commercial banks and FDIC-regulated state savings banks. In fact, the funds have lost their

independent identities, and we should rationalize their structure.

Today, BIF members and SAIF members pay deposit insurance premiums at the same rate. However, until the SAIF was recapitalized in 1996, the FDIC was required to charge different premiums to BIF and SAIF members for what is essentially the same product. A difference in premiums could emerge once again, if the reserves of one fund drop below the statutory reserve ratio of 1.25% (that is, a fund's reserves must have at least \$1.25 for every \$100 of deposits insured by the fund), and the reserves of the other fund do not. A merger would prevent the re-emergence of a rate disparity between BIF members and SAIF members and the market inefficiencies the disparity creates as institutions waste time and money in order to purchase deposit insurance at the lowest price possible.

This is an optimal time for merging the two funds. The ratio of the SAIF fund balance to insured deposits is at a healthy 1.44%. The BIF also remains strong at a healthy 1.35% ratio of reserves to insured deposits. A combined fund would have a reserve ratio of 1.37%. Under these conditions, industry concerns over competitive disadvantages caused by a merger should be minimal. Both the banking and thrift industries should support the change as bringing needed rationality and stability to the deposit insurance funds.

Other deposit insurance reform proposals have been introduced that address other issues, such as the proper level of deposit insurance coverage and automatic industrywide assessments, when either the BIF or SAIF falls below the 1.25% reserve ratio. While these other proposals merit serious consideration, Congress may not yet be prepared to resolve the issues they address. However, the case for legislation merging the BIF and SAIF is clear and should not get bogged down in the more general debate on deposit insurance reform. Mr. Speaker, the merger of the BIF and SAIF is a matter of substantial public policy importance that should be addressed on its independent merits, and without delay.

A TRIBUTE TO NIKKI ANTOINETTE
BETHEL

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. TOWNS. Mr. Speaker, I rise today to honor Nikki Antoinette Bethel of Brooklyn, New York. Ms. Bethel has been a leader throughout her young life both in her academic as well as her professional careers.

Ms. Bethel is a product of the New York City Public School System, having attended St. Mark's Day School, PS 383—Philipa Schuyler Middle School and Edward R. Murrow High School. While in high school, Nikki was elected into Who's Who in American High Schools for three consecutive years, she represented New York as a Congressional scholar and she received the "Progress through Justice" Award from the District Attorney of Kings County. After high school Nikki went to college at the University of Maryland where she again exhibited her leadership abilities: serving as a resident assistant for each of her four years, the Vice-President of the Black

Women's Student Council, a teaching assistant, a section leader of the Honors 100 Colloquium, a delegate of the Black Student Union, and a member of the University's honor program. After graduating with honors, Nikki went on to receive her Master of Education at Harvard University.

Once her education was complete, Nikki brought her leadership skills and penchant for achievement to Merrill Lynch's Human Resources Management Training Program. After becoming an Assistant Vice-President, Nikki went in search of new challenges as an MBA Recruiter for Investment Banking Sales and Trading at Morgan Stanley Dean Witter.

Mr. Speaker, Nikki Antoinette Bethel is a dedicated young woman of tremendous achievement. As such she is more than worthy of receiving our recognition today, and I hope that all of my colleagues will join me in honoring this truly remarkable woman.

INTRODUCTION OF H.R. 1332: THE
BUSINESS METHOD PATENT IMPROVEMENT ACT OF 2001, H. R. 1333: THE PATENT IMPROVEMENT ACT OF 2001, AND H. RES. 110: THE PTO FUNDING RESOLUTION

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 2001

Mr. BERMAN. Mr. Speaker, I rise to discuss three pieces of legislation I have introduced today.

Last fall, Representative RICK BOUCHER and I introduced H.R. 5364, the Business Method Patent Improvement Act of 2000. Upon introduction of that bill, I made it clear that my primary motivation was protection of intellectual property. I believe the protection of intellectual property is critical both to innovation and to the economy, and will be advanced by assuring the highest level of quality for U.S. patents.

With these same goals in mind, today Representative BOUCHER and I introduce three new bills. The Business Method Patent Improvement Act of 2001 is very similar to last year's version, but includes several significant changes in response to legitimate criticisms of last year's bill. The Patent Improvement Act of 2001 responds to suggestions by many parties that certain provisions in last year's bill should apply broadly to all patentable inventions. Finally, the PTO funding Resolution ensures that all PTO fees will be used to fund the PTO and the vital services it provides.

These bills represent a starting point, not an end point, for discussion of legislative solutions to patent quality concerns. The multitude of comments received on last year's bill demonstrate that these problems are difficult and, as yet, present no clear-cut answers. Indeed, reactions to last year's bill exhibited few consistent patterns, with members of the same industries often expressing diametrically opposed viewpoints. What was clear, however, was that introduction of specific legislation proved helpful at focusing the discussion. Thus, we introduce these bills to initiate that discussion anew in the 107th Congress.

The Business Method Patent Improvement Act of 2001 requires the PTO to publish all business method patent applications after 18

months. In conjunction with the publication provision, it creates opportunities for the public to present prior art or public use information before a business method patent issues. It establishes an administrative "Opposition" process where parties can challenge a granted business method patent in an expeditious, less costly alternative to litigation. The bill lowers the burden of proof for challenging business method patents, requires an applicant to disclose its prior art search, and finally, creates a rebuttable presumption that a business method invention constituting a non-novel computer implementation of a pre-existing invention is obvious, and thus, not patentable.

The Patent Improvement Act of 2001 would establish an administrative "Opposition" process where parties can challenge any granted patent in an expeditious, less costly alternative to litigation. The bill creates a rebuttable presumption that any invention constituting a non-novel computer implementation of a pre-existing invention is obvious, and thus, not patentable. Finally, the bill requires an applicant to disclose its prior art search.

The PTO funding Resolution creates a point of order regarding any legislation that does not allow the PTO to spend all fees collected in the year in which they are collected.

Some may consider the coordinated introduction of these three bills an unusual approach. Indeed, it will be noted that the first two bills overlap—that is, they contain many of the same provisions applied to different, but overlapping types of patents. We have chosen this approach because we consider all the bills to be improvements over current law, but are not sure which bills will generate sufficient support to be enacted this Congress. Further, we consider the PTO funding Resolution to be a necessary element of any plan to improve patent quality, but recognize that such legislation will generate its own debate.

I have decided to forge ahead through these thorny issues because my concerns about the quality and effects of business method patents have not dissipated or diminished during the past year. The pace of business method patenting has picked up dramatically. While in FY 1999, the PTO received approximately 2650 business method patent applications, in FY 2000 it received 7800 such applications. The PTO reports that the first quarter of FY 2001 has seen business method applications running 18–20% higher than in Q1 of FY 2000. I commend the PTO for reducing the proportion of business method patents granted through its Business Method patent Initiative, but there is some concern that this Initiative will extend patent pendencies further.

We will not know what business methods are claimed in these applications for at least eighteen months after filing, and in all probability for at least twenty-six months. Some consider this a problem in itself, as technology businesses attempting to move at Internet speed may invest enormous sums of ever-dwindling venture capital only to find important elements of their business plan covered by a patent. This is an unfortunate by-product of the patent system, but I do not believe we should address it by prohibiting patents on business methods or requiring publication upon filing.

Of greater concern to me is assuring the highest quality of business method patents being issued. Unfortunately, those business methods patents of which we are aware do