

The President's decision to withdraw the United States from its provisions should be commended. We cannot predicate the defense of the American people on a theory of deterrence that assumes hostile regimes make decisions in the same manner as do we, and that leaves us vulnerable to a particular type of threat we know is on the horizon.

We have a fundamental responsibility to the American public to defend it against all threats. The threat from the ballistic missile programs of foreign countries is real, and it can be expected to grow. We cannot address that threat within the confines of the ABM Treaty. The decision to move beyond it was the right decision, and I applaud President Bush's leadership on this issue of tremendous importance to all Americans.

As I said, he probably will be too modest to address this much in his State of the Union speech tomorrow evening, but I believe it to be one of the most important decisions he made last year, and its ramifications will be felt and be defined by greater security for the American people for decades to come.

I commend him for that decision.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent the order for the quorum call be rescinded.

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

HOPE FOR CHILDREN ACT— Continued

Mr. ALLARD. Mr. President, my understanding is that we are under regular business.

The PRESIDING OFFICER. The Senator is correct.

AMENDMENT NO. 2722

Mr. ALLARD. Mr. President, I ask unanimous consent to lay aside the pending amendment and call up amendment No. 2722, which is the Allard-Hatch-Allen amendment.

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

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Colorado [Mr. ALLARD] for himself, Mr. HATCH, and Mr. ALLEN, proposes an amendment numbered 2722 to the language proposed to be stricken by amendment No. 2698.

Mr. ALLARD. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to permanently extend the research credit and to increase the rates of the alternative incremental credit)

At the appropriate place, insert the following:

SEC. ____ . PERMANENT EXTENSION OF RESEARCH CREDIT; INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.

(a) PERMANENT EXTENSION OF RESEARCH CREDIT.—

(1) IN GENERAL.—Section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities) is amended by striking subsection (h).

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 45C(b) of such Code is amended by striking subparagraph (D).

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after the date of the enactment of this Act.

(b) INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) of the Internal Revenue Code of 1986 (relating to election of alternative incremental credit) is amended—

(A) by striking “2.65 percent” and inserting “3 percent”,

(B) by striking “3.2 percent” and inserting “4 percent”, and

(C) by striking “3.75 percent” and inserting “5 percent”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

Mr. ALLARD. Mr. President, I ask unanimous consent Senator WARNER be added as a cosponsor to the amendment.

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

Mr. ALLARD. Mr. President, I am pleased to rise today to offer an amendment making the research and development tax credit permanent. I express my gratitude to Senator HATCH, the distinguished ranking member of the Judiciary Committee. Senator HATCH has been working on this issue for years, and I am grateful for the opportunity to join him in this continuing effort on this essential piece of legislation. I also express my thanks to Senator GEORGE ALLEN who has distinguished himself as the chairman of the High Tech Task Force.

I am pleased to serve with Senator ALLEN on the task force, and I look forward to continuing to work with him as we address the many numerous technology issues that confront this Nation. Both of our States take a very active role in high tech. We have many businesses in both of our States—Virginia and Colorado—that rely on high tech in order to grow.

As a member of the Senate High Tech Task Force, I have been fortunate to work with a number of my colleagues on an agenda that is both probusiness and proconsumer. We have focused on expanding the reach of Internet and broadband technologies, putting more computers in classrooms, more schools online dealing with cyber security issues in general relating to e-commerce, the spectrum, and intellectual property issues. None of these issues has the power to make as immediate an impact in the technology industry as a permanent extension of the research and development tax credit. It is altogether appropriate that we include this language in any stimulus bill to pass out of the Senate.

A study by Coopers & Lybrand in 1998 showed that a permanent extension of the R&D tax credit would create nearly \$58 billion in domestic economic growth through 2010.

This is an astounding and immediate impact that affects virtually every American. Available solely for incremental research activities in the United States and Puerto Rico, approximately 75 percent of the R&D tax credit dollars pay for salaries of employees associated with research and development. These are high-skilled, high-paying American jobs.

In an ever expanding global marketplace, it is important that American companies be able to compete abroad. It is also important that multinational firms see the United States as a welcome laboratory for research and development.

Australia, Canada, Germany, Great Britain, and Japan all offer financial incentives to companies to perform research and development within their borders which lowers the cost of R&D and gives companies both a competitive advantage and an incentive to bring their resources and jobs to the marketplace where they can get the most bang for the buck. It is my hope that international research and development investors will recognize that the United States is just such a place.

The R&D tax credit provides an effective incentive for companies to create valuable, skilled jobs. This is not just theory. The research and development tax credit was originally enacted in 1981 and has been extended 11 times.

From 1995 through 1998, the innovation and economic growth in information technology alone was responsible for one-third of the real economic growth. Studies by the General Accounting Office, the Bureau of Labor Statistics, and others have documented the impact the research and development tax credit has on private research and development spending. One such study found that every dollar of tax benefit spurs an additional dollar in private research and development investment. This is to say nothing of the major economic benefits associated with increased productivity and efficiency that new technologies and products bring.

And the benefits don't stop there. Investment in research and development has generated countless products and technological advances affecting every facet of American life.

In 1866, American farmers could expect to yield 11.6 bushels of wheat per acre. Then, about 34 years later, in 1900, the expected yield was 12.2 bushels, climbing to 16.5 bushels per acre in 1950. Today, thanks to advances in pesticides and crop genetics, that yield can reach well over 43 bushels per acre.

Medical patients today benefit from a variety of wonder drugs and medical devices previously unimaginable. The hardware, software, and fiber that makes the Internet run, even the Internet itself, provide examples of what aggressive research and development can

do. The benefits of investment in research and development in short makes our lives better.

Every American has benefited from the giant leap forward in technology. Our standard of living is higher. Our quality of life is greater.

I realize that many of my colleagues may ask why we must make this tax credit permanent rather than continuing to extend it annually semi-annually. As a former small businessman, I know many of my colleagues can relate to this. A business must budget, look forward, and plan in order to get the highest use of their hard-earned dollars. This principle applies to all businesses, regardless of size, location, or the number of borders they cross in doing business.

The process of ongoing renewal year to year means the research and development tax credit offers less value to the businesses and research initiatives we are seeking to support. Business and technology leaders look at multiyear projects often over 10 years down the road. When we look around today and take stock of the many goods and services today that did not exist 10 years ago, I believe we can agree that this kind of planning must be encouraged.

I mentioned my experience as a small businessman. As my colleagues know, I ran my own veterinary hospital. Trained as a scientist, I continue to keep up on the latest developments in pharmaceuticals, treatment techniques, and chemistry. I would like to make one thing very clear today: That is, scientific development does not fit in calendar or fiscal years. It is not cyclical or situational. Science is an evolving, growing, expanding study. This vital process through which virtually all human endeavor can be traced is one that should not be inhibited by regular policy debates when the result is so clear.

Research and development is the cornerstone of healthy industry and provides solutions to problems we may not even realize exist. Uncertainty can equate to less investment and undermines the entire purpose of the research and development tax credit.

President Bush included permanent extension of the R&D tax credit in his initial tax relief plan. I was pleased to see that a majority of my colleagues supported this credit by voting 62 to 38 on the final tax package, which at that time included the permanent extension. It is my hope that we will be able to continue the momentum of last year's vote and seize this opportunity to state, in no uncertain terms, that the Senate recognizes the importance of this tax credit, the innovations it inspires, and the tangible impact it makes on the quality of life in America.

A number of prominent trade organizations have organized the R&D credit coalition in an effort to support the Congress in passing this legislation. I ask unanimous consent to print a list of these organizations in the RECORD.

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

ASSOCIATION MEMBERS OF R&D CREDIT COALITION
(Listing from NAM/R&D Workbook)
AeA (formerly American Electronics Association)
Aerospace Industries Association (AIA)
American Association of Engineering Societies
American Council on Education
American Institute of Aeronautics and Astronautics
American Institute of Chemical Engineers
American Society of Civil Engineers
American Society of Engineering Education
Engineering Deans Council
Automotive Parts Rebuilders Association
Biotechnology Industry Organization
Business Software Alliance
Computing Technology Industry Association
Electronic Industries Alliance
Federation of Materials Societies
Information Technology Association of America
Information Technology Industry Council
IPC, Association Connecting Electronics Industries
Medical Device Manufacturers Association
National Association of Manufacturers
National Electric Manufacturers Association
National Society of Professional Engineers
North American Die Casting Association
Pharmaceutical Research and Manufacturers of America
Semiconductor Equipment and Materials International (SEMI)
Semiconductor Industry Association
Software & Information Industry Association (SIIA)
Software Finance and Tax Executives Council
Steel Manufacturers Association
Technology Network
Telecommunications Industry Association
The Advanced Medical Technology Association (AdvaMed)
The Tax Council
U.S. Chamber of Commerce

Mr. ALLARD. I also ask unanimous consent to print a number of letters, from the American Electronics Association, the Information Technology Industry Council, and the R&D Credit Coalition, regarding the importance of including this permanent R&D tax credit extension in the current stimulus bill.

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

AMERICAN ELECTRONICS ASSOCIATION,
Washington, DC, January 28, 2002.

DEAR SENATOR: On behalf of the high-tech industry, I write to express AeA's strong support for the Allard/Hatch/Allen amendment which calls for a permanent extension of the research and development tax credit (R&D tax credit) along with a modest increase in the Alternative Incremental Research Credit (AIRC) rates. We believe that this amendment would provide businesses the certainty to invest in additional R&D and would stimulate the economy. Our industry is unified in its support of such a measure.

Please vote in support of the Allard/Hatch/Allen amendment (SA 2772.) This amendment is identical to bipartisan legislation, S. 41, sponsored by Senators Max Baucus and Orrin Hatch and which currently has 53 Senate co-sponsors.

The many economic benefits of the R&D tax credit are well documented. A permanent R&D credit would: Create additional high-

paying, high-skilled jobs in the United States; increase productivity in the U.S. almost immediately; stimulate additional R&D spending in the United States, ranging from 1 to 2 additional dollars for every dollar of foregone tax revenue; and lower U.S. production costs and consumer prices.

In times of uncertainty, companies are reluctant to invest in long term projects, and therefore anything that provides certainty will make it that much easier to commit resources now to hire people to pursue long term research projects. The current economic slowdown requires this kind of dramatic, effective action by the Congress.

AeA (American Electronics Association) is the nation's largest high-tech trade association and is comprised of more than 3,500 small, medium and large high-tech companies. Passage of an economic stimulus package is very important to the high-tech industry right now, and we hope the U.S. Senate will act quickly to approve a stimulus package that includes a permanent R&D tax credit extension.

Sincerely,

WILLIAM T. ARCHEY,
President and CEO.

INFORMATION TECHNOLOGY
INDUSTRY COUNCIL,
Washington, DC, January 28, 2002.

Hon. ORRIN G. HATCH,
Hon. WAYNE ALLARD,
U.S. Senate, Washington, DC.

DEAR GENTLEMEN: The Information Technology Industry Council (ITI) wishes to express our strong support for your amendment to permanently extend the Research and Development (R&D) credit and to increase the rates of the alternative incremental credit. We commend you for your leadership on such a critical issue to the U.S. economy.

As the representative of the leading U.S. providers of information technology (IT) products and services, ITI is extremely proud of the critical role our member companies have played in fueling the extraordinary growth in productivity and job creation over the last decade. Much of that growth was fueled by industry-funded investments in R&D.

As you know, R&D is the lifeblood of the IT industry. It has proven instrumental in helping America remain at the forefront of technological development and innovation. While we appreciate the fact that the credit has been extended many times over the years, a permanent R&D tax credit will provide a more predictable environment for sustaining our lead in cutting-edge technology.

The R&D credit has long enjoyed bipartisan support in both houses of Congress. We hope the Senate will once again demonstrate its commitment to U.S. technology by voting in favor of your amendment.

Sincerely,

RHETT DAWSON,
President.

R&D CREDIT COALITION,
Washington, DC, January 28, 2002.

Hon. WAYNE ALLARD,
U.S. Senate,

DEAR SENATOR ALLARD: On behalf of the members of the R&D Credit Coalition, we thank you for offering as an amendment to the pending economic stimulus bill (S. 622) a permanent extension of the research and experimentation tax credit (the "R&D credit") with a modest increase in the Alternative Incremental Research Credit (AIRC) rates.

Private-sector research is vital to our national security as well as to our economic resilience. In order to maximize the potential for new and continued U.S.-based research, it is important that companies be able to rely on the long-term availability of the R&D

credit. This is especially true in periods of economic uncertainty, when it is particularly difficult for companies to commit to high cost, high-risk projects.

The R&D tax credit encourages companies to create more high-skilled, high-paying jobs, as well as increased economic security and higher standards of living for American workers. In addition, this credit enables companies to provide increased jobs and salaries for engineers, researchers and technicians. Just as important, however, are the additional jobs created in manufacturing, administration and sales when research yields new products taken to market.

By making the commitment to U.S. based research permanent, Congress is in the unique position to help stimulate investments now in more long-term research projects in the U.S.—providing both an immediate boost to the economy and a stronger foundation for future economic growth through productivity gains. We look forward to working with you to see a permanent extension of the R&D credit with a modest increase in the AIRC rates enacted into law this year.

Sincerely,

Bill Sample, Microsoft Corporation, Chairman, R&D Credit Coalition; Donna Siss Gleason, The Boeing Company, Vice Chair, R&D Credit Coalition; Kristin Paulson, United Technologies Corporation, Cochair, R&D Credit Coalition, Government Affairs Committee; Karen Myers, EDS, Cochair, R&D Credit Coalition, Government Affairs Committee; Caroline Graves Hurley, American Electronics Association, Executive Secretary, R&D Credit Coalition.

Mr. ALLARD. Mr. President, at one time or another, we have had various Members from the Senate state how important it is to encourage research and development in our country. In fact, the majority leader himself, TOM DASCHLE, on January 4, 2001, said:

We should act to make the research and development tax credit permanent; the sooner the better.

And then majority leader TOM DASCHLE, on January 4, 2001, stated:

... the R&D tax credit is one of the most effective mechanisms to encourage innovation, increase business investment, and keep the economy growing.

Now, as I mentioned in my remarks, being a scientist and having been in business for myself, I fully understand the importance of research and bringing those technologies to the marketplace. Not only do the consumers benefit, but society in general and the whole world benefit. If we are going to continue to be a leading competitive nation in the world, we need to continue research and development.

As members of the chamber of commerce in the town in which I practiced veterinary medicine, we tried to attract businesses that did a sizable amount of research and development because we understood that, with research and development, that company was likely to be with us for a long time because they were continually keeping up with advancements in science and bringing that to the marketplace.

So as we talk about what it is with which we can stimulate the economy in America, I think one of the most sig-

nificant things we can do as a Congress is to send to the President a research and development tax credit that is permanent, not one that will change every year.

I can understand the frustrations of business people who come to me and have talked in town meetings and said: Look, if we only had some idea of how long this research and development tax credit would last instead of periodically renewing it, we could lay out long-term plans for R&D. I agree. I think it is important to have a very successful program of research and development in your company. You have to have a long-range plan in place, and the only way to do that is to have some assurance from the Congress, the President, and the Federal Government that the tax credits are going to be there to use in putting together any research needs you may have in order to meet product development within your company. So this is an extremely important piece of legislation. I think it is an important issue.

The Senate should address it, and the sooner the better, during these times when our economy is not doing so well. Even if our economy was doing well, this is what we need to have in place in order to sustain economic growth. It would be less likely we would get into economic downturns with this kind of encouraging tax credit on a permanent basis. I encourage my colleagues to join me in voting for the permanent extension of the research and development tax credit.

I yield the floor.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Mr. President, I thank my colleague. I commend him for being willing to file this amendment today. I rise to speak in support of the amendment of the distinguished Senator from Colorado to extend permanently the research credit.

This amendment we offer today is simple and straightforward. It would extend permanently the credit for increasing research activities, commonly known as the research credit or the R&D credit. This provision was an important contributor to our robust economic growth of the last half of the 1990s.

Let me explain why this amendment is necessary.

In July 1999, the Senate voted to make the research credit permanent. Unfortunately, the House version of the 1999 tax bill included only a 5-year extension of the credit. The 5-year extension did prevail in the conference. Unfortunately, that bill was vetoed by President Clinton for reasons unrelated to the research credit itself.

However, in November of 1999, Congress passed and President Clinton signed the Ticket to Work and Work Incentives Improvement Act, which included a 5-year extension of the research credit. Therefore, the credit was extended to June 30, 2004.

In mid-2000, the Senate again had the opportunity to vote on a permanent ex-

tension of the research credit. While we were debating that year's version of the death tax repeal bill, Senator BAUCUS and I offered an amendment to make the research credit permanent. The Senate passed the amendment with a vote of 98 to 1. Once again, President Clinton vetoed the underlying bill.

Again last May, as we debated the 2001 tax cut bill, I offered an amendment to extend permanently the research credit. That amendment was withdrawn, but the provision was included in a managers' amendment that was approved by the Senate. Unfortunately again, however, the permanent research credit was dropped in conference and the credit was not extended.

Thus, as it stands under present law, the research credit is scheduled to expire on June 30, 2004. This is most unfortunate, Mr. President, because in 2004 the Congress and, more importantly, America's business community will once again have to go through the complete rigmarole of on-again, off-again uncertainty of an important tax provision. Temporary extensions are poor tax policy. The ultimate loser in this game is not the Congress or even the companies that engage in research, but each American. That is because every one of us is the direct beneficiary of the research investments made by the businesses of America. We benefit from the higher economic growth and increased productivity and the higher degree of global competitiveness that increased research brings.

The research credit has been in the Internal Revenue Code for more than 20 years in one form or another. It has expired and been extended 10 times, Mr. President. Those extensions have been as short as 6 months and as long as 5 years. There have even been periods when the credit was allowed to expire and then retroactively reestablish. On one occasion, the credit expired and was reenacted prospectively, leaving a gap period where the credit was not available. The one thing the credit has never been is permanent. That is a shame.

This is significant because, as effective as the credit has been in providing a strong incentive to companies to increase research activities, it has been inherently limited in its effectiveness because business leaders have never been able to count on the credit being there on a long-term basis, and therefore their long-term planning can't be entered into.

Anyone who has been in business more than 10 minutes knows that planning and budgeting—unlike what we do in Congress—is a multiyear process. Anyone who has been involved in research knows that scientific enterprise does not fit neatly into calendar or fiscal years.

Our history of dealing with the research credit—that is, allowing it to run to the brink of expiration and bringing it back after it is dead with

retroactive extensions—results in not only very poor tax policy but is also very detrimental—and I would say highly so—to our research-intensive business entities and indeed the whole country.

It is time to get serious about our commitment to a tax credit that is widely viewed by economists and business leaders as a very effective provision in creating economic growth and keeping this country on the leading edge of high technology in the world. A 1998 study by Coopers and Lybrand dramatically illustrated the significant economic benefits provided by the research credit. According to the study, making the credit permanent would stimulate substantial amounts of additional R&D in the United States, increase national productivity and economic growth almost immediately, and provide U.S. workers with higher wages.

The vast majority of the Members of this body are on record in support of the permanent research credit. As I mentioned, only 18 months ago, 98 Senators voted in favor of permanence.

But, while practically everyone says they support a permanent research credit, it has become too easy for Congress to fall into its two-decade-long practice of merely extending the credit for a year or two, or even five years, and then not worrying about it until it is time to extend it again.

These short-term extensions have occurred ten times since 1981. Ten short-term extensions for a tax credit that most Members of this body strongly support. I am not sure we realize how the lack of permanence of the credit damages its effectiveness.

Research and development projects cannot be turned on and off like a light switch. They typically take a number of years and may even last longer than a decade. As our business leaders plan these projects, they need to look years ahead in making the projections and estimating the potential return on their investment. Because the research credit is not permanent, and its extension is not assured, the availability of the credit over the life of these projects is uncertain and is thus often not included in the numbers. As a result, the projected return on the investment is lower and some promising research projects are simply not funded.

With a permanent credit, these business planners would take the benefits of the credit into account, knowing they would be there for all years in which the reason is to be performed. The result would be a lower projected cost, leading to more research projects being funded, which in turn would lead to more benefits to the economy, to our productivity, and to each consumer. In fact, making the credit permanent would start these benefits now and actually give an immediate boost to the amount of research performed, even before the current credit expires in 2004.

There is little doubt that a significant amount of the incentive effect of

the research credit has been lost over the past 20 years because of the constant uncertainty about its continuing availability. This uncertainty has undermined the very purpose of the credit. For the government and the American people to maximize the return on their investment in U.S.-based research and development, this credit must be made permanent. And now is the time to do so.

I believe a permanent research credit is one of the most important elements of our tax code because it is so tied in with the issues of economic growth and our future prosperity.

According to Chairman Greenspan, the Nation's high productivity growth, which played an instrumental role in our economic growth during the second half of the 1990s, would likely not have been possible without the innovations of recent decades, especially those in information technologies. The research credit is a key factor in keeping these innovations coming. But a temporary credit is inherently limited in its ability to do this.

As I mentioned earlier, I am afraid to many of us are stuck in a mindset that says that since the research credit can just be taken care of later this year in a tax extenders package, or when it gets closer to its 2004 expiration date, why bother about it now?

I want to emphasize that another temporary extension is *not* the issue here. We can and probably will always extend the credit when the time for its expiration comes. It will likely be on the less effective basis we have always done it, perhaps only for a few months, or it may be on a retroactive basis, and there may be a gap created, but we will probably keep extending it. The issue is whether or not we should magnify the power of this credit by making it permanent.

This amendment is about long-term growth; it is about fostering innovation and keeping the innovation pipeline filled; and it is about sustaining the productivity gains that have brought us where we are today and that can help us stay prosperous in the future as we deal with the entitlement challenges ahead.

In conclusion, if we decide not to make the research credit permanent, are we not limiting the potential growth of our economy? How can we expect the American economy to hold the lead in the global economic race if we allow other countries, some of which provide huge government direct subsidies, to offer stronger incentives than we do?

Making the credit permanent will keep American business ahead of the pack. It will speed economic growth. Innovations resulting from American research and development will continue to improve the standard of living for every person in the U.S. and worldwide.

I have been making this case year after year, and I am so pleased to have the leadership of our distinguished

Senator from Colorado in helping us to pass it on the economic stimulus bill. I do believe that almost everybody in the Senate should vote for this amendment. This makes sense. It creates jobs and gives businesses an opportunity to plan ahead. It literally keeps us at the cutting edge of technology and helps us to really be what we should be, in a time such as this when we want to stimulate the economy. I don't know of many amendments that would do as much as this particular amendment of the Senator from Colorado and myself. I praise him and thank him for his dedication in bringing this issue forward.

I urge my colleagues to support this amendment.

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

THE PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. I thank the Senator from Utah for all his compliments. This is a subject I know he has worked on for years. I appreciate what he is trying to do.

I could not agree more with his statement that one of the most important things we can do to get the economy to grow is to make on a permanent basis the research and development tax credit.

I am also involved in the Senate Republican High Tech Task Force. I would like to make a part of the RECORD their policy agenda for the 107th Congress where they talk about a Tax Code for the 21st century and list a number of actions they believe we can take to encourage the high-tech industry to grow in America. They mention, among those, making the research and development tax credit permanent, in addition to a number of other provisions. I ask unanimous consent that be printed in the RECORD.

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

SENATE REPUBLICAN HIGH TECH TASK FORCE
POLICY AGENDA FOR THE 107TH CONGRESS

Protecting Internet Privacy and E-Commerce.—The Task Force believes market-based solutions are the best way to balance legitimate privacy concerns with the need for flexible e-commerce. While certain types of medical and financial data may warrant special legislative protections, we are skeptical that the Congress should rush to delegate to government bureaucrats the task of developing effective mandates related to personal privacy. If legislation is considered, we believe that it should not discriminate against Internet transactions, should provide a uniform federal standard for enforcement of privacy policies, and should limit the ability to regulatory agencies to impose burdensome and cumbersome mandates.

Promoting Education and Technology.—Without a workforce fully capable in math, science, and computing skills, our competitiveness is at risk. Without a consumer base able to utilize the latest technological advances, our economic growth may wane. The Task Force believes that a top priority in education should be development of policies both encouraging the use of technology in the classroom and using this technology to

master basic math, science, and computer skills.

Safeguarding Copyright in the Digital Age.—With our economy dependent on cutting-edge software and our families enjoying music, movies, and television through new distribution models, protecting copyrighted material is of paramount importance. The Task Force believes that the Congress should bolster efforts to protect copyrighted materials from piracy and to facilitate legal digital distribution of copyrighted works.

Deploying Broadband Technologies.—The Task Force understands that high speed Internet access has the power to transform how we use the Internet. Encouraging tax and regulatory policies that foster rapid, efficient, and competitive deployment of broadband and other important technologies to urban and rural areas will be crucial to ensure our economic growth and technological competitiveness.

Enhancing Free Trade.—The Task Force believes that trading freely with other countries has allowed our producers of technology goods and services to lead the world in technology innovation while significantly raising our standard of living. We believe that a vital component of free trade is ensuring enforcement of international trade agreements to guarantee that our businesses are not placed at a competitive disadvantage and that our intellectual property is not pirated or copied illegally.

Protecting Internet Security and Combating Cyberterrorism.—The Task Force supports legislation and appropriations to protect the privacy of Internet users and to aid law enforcement in making sure the Internet does not become a haven for cybercriminals. Our goals include enhancing deterrents to Internet piracy and counterfeiting of intellectual property and bolstering international cooperation against computer crimes. Also, our communications infrastructures remain vulnerable to cyberattacks, and we must support executive branch efforts to bolster cooperation within and between Federal agencies and the private sector.

Digital Decency.—The Task Force believes that the growth of the Internet does not have to mean a decline in cultural decency. Advocating "Digital Decency" means using the bully pulpit to advocate responsible entertainment products, encouraging parents and children to turn their backs on music, movies, and games advocating violence and discrimination, and encouraging better private sector filters to keep the Internet experience a healthy one.

Patent and Trademark Office Funding.—The Task Force believes that the explosion of technology patents has made it more necessary than ever to ensure that the PTO has adequate funding through its own fee mechanisms, rather than siphoning off these fees for general government use.

A Tax Code for the 21st Century.—The Task Force believes our tax code must be reviewed and modernized to reflect current business realities affecting technology industries. Issues which the Task Force believes should be considered include making the research and development tax credit permanent, accelerating the depreciation schedules for technology equipment and encouraging capital formation for small technology businesses.

Keeping Government Out of Competition With E-Commerce Businesses.—The Task Force believes that federal government agencies should not use taxpayer dollars to compete with private businesses developing new e-commerce products and services.

Mr. ALLARD. Mr. President, I ask unanimous consent that a news release

from the Senate Republican High Tech Task Force dated Friday, June 29, 2001, be printed in the RECORD. It talks about, again, Senator SMITH's effort in getting it attached to the Patients' Bill of Rights and reemphasizes the point we are trying to make today on how important it is we provide a permanent extension of the research and development tax credit.

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

HIGH TECH TASK FORCE SUPPORTS SMITH-HATCH-ALLEN AMENDMENT TO PATIENTS' BILL TO MAKE R&D TAX CREDIT PERMANENT

WASHINGTON, DC.—Senate Republican High Tech Task Force Chairman Senator George Allen (VA) today pledged the endorsement of the group of an amendment by Senators Gordon Smith (OR), Orrin Hatch (UT) and Senator Allen to make the federal Research and Development (R&D) Tax Credit permanent.

The Smith-Hatch-Allen amendment to the Patients' Bill of Rights, currently being debated on the Senate floor, makes the R&D tax credit permanent and increases the rates of the alternative incremental research and development tax credit as provided in S. 41, Senator Hatch's bill. Both Senators Smith and Hatch are also High Tech Task Force members.

Chairman Allen said making the R&D tax credit permanent will help improve the quality of medical care for all Americans.

"Providing every possible incentive for technological advancements and innovations will lead to better and less expensive medical treatments and devices," Chairman Allen said. "The R&D tax credit is crucial not only to the field of medicine, but to the technology community at large.

"A permanent R&D Tax Credit credibly encourages investment in basic research that over the long term can lead to the development of new, more cost-effective, and more efficient technology products and services. Research and development is also essential for our long-term, competitive economic growth."

Chairman Allen also pointed to a study conducted by Coopers & Lybrand, which shows that workers in every State will benefit from higher wages if the R&D credit is made permanent. Payroll increases as a result of gains in productivity stemming from the credit are estimated to exceed \$60 billion over the next 12 years.

The R&D tax credit was originally enacted in 1981 and has been temporarily extended ten times. Permanent extension of the Research and Development Tax Credit is a component of the Task Force's policy agenda, which was announced March 1, 2001.

Mr. ALLARD. Mr. President, I also ask unanimous consent that another press release from the Senate Republican High Tech Task Force for Friday June 29, 2001, be printed in the RECORD.

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

HIGH TECH TASK FORCE MEMBERS URGE FINANCE COMMITTEE TO MAKE R&D TAX CREDIT PERMANENT

WASHINGTON, DC.—Members of the Senate Republican High Tech Task Force including Chairman Senator George Allen (VA) are urging the Senate Finance Committee to include permanent extension of the Research and Development (R&D) Tax Credit in the tax relief package that they will soon consider.

Members of the Task Force, Senators Allen, Wayne Allard (CO), Robert Bennett (UT), Sam Brownback (KS), Conrad Burns (MT), Orrin Hatch (UT), Jeff Sessions (AL), Gordon Smith (OR) and John Warner (VA), as well as Senators Mike Crapo (ID), Bill Frist (TN), Tim Hutchinson (AR), and Republican Policy Committee Chairman Larry Craig (ID) today sent letters to Senate Finance Committee Chairman Charles Grassley (R-IA) and Ranking Member Max Baucus (D-MT) with their request.

"We believe the R&D tax credit is essential to the technology community," the Senators wrote. "It encourages investment in basic research that over the long term can lead to the development of new, more cost-effective, and more efficient technology products and services. Research and development is essential for long-term economic growth."

The R&D tax credit was originally enacted in 1981 and has been temporarily extended ten times. "Permanent extension is long overdue," the Senators maintained. "Yet because it has never been made permanent, this vital tax credit offers business less value than it should because of its unpredictability."

The Senators also noted that President Bush included the permanent extension in his budget, and they urged Finance Committee members include this measure in the tax relief package as "making the R&D tax credit permanent is essential to helping maintain America's technology lead in the world."

Permanent extension of the Research and Development Tax Credit is a component of the Task Force's policy agenda, which was announced March 1, 2001.

MAY 7, 2001.

Hon. CHARLES GRASSLEY,
Chairman, Committee on Finance, Washington, DC.

DEAR CHAIRMAN GRASSLEY: We respectfully request that you include permanent extension of the research and experimentation (R&D) tax credit in the tax relief package you will consider in your Committee shortly.

As Republican Senators and members of High Tech Task Force (HTTF), we believe the R&D tax credit is essential to the technology community. It encourages investment in basic research that over the long term can lead to the development of new, cheaper, and better technology products and services. Research and development is essential for long-term economic growth. Innovations in science and technology fueled the massive economic expansion we witnessed over the course of the 20th century. These advancements have improved the standard of living for nearly every American. Simply put, the research tax credit is an investment in economic growth, new jobs, and important new products and processes.

As you know, the credit was originally enacted in 1981, and has been temporarily extended ten times. Permanent extension is long overdue. There is broad support among Republicans for the credit, and President Bush included the credit in the \$1.6 trillion tax relief plan. Yet because it has never been made permanent, this vital tax credit offers business less value than it should. Business, unlike Congress, must plan and budget in a multi-year process. Scientific enterprise does not fit neatly into calendar or fiscal years. Research and development projects typically take a number of years, and may even last longer than a decade. As our business leaders plan these projects, they need to know whether or not they can count on this tax credit. The current uncertainty surrounding the credit has induced businesses to allocate significantly less to research than they otherwise would if they knew the

tax credit would be available in future years. This uncertainty undermines the entire purpose of the credit.

We believe making the R&D tax credit permanent is essential to helping maintain America's technology lead in the world. We thank you for your consideration.

Sincerely,

George Allen, Larry E. Craig, Conrad Burns, Tim Hutchinson, Gordon Smith, Wayne Allard, Jeff Sessions, Orrin Hatch, Michael Crapo, Robert F. Bennett, Sam Brownback, Bill Frist, John Warner.

Mr. ALLARD. Mr. President, I ask unanimous consent that a news release dated Tuesday, May 8, 2001, entitled "High Tech Task Force Members Urge Finance Committee to Make R&D Tax Credit Permanent," which documents the work of this task force and the importance they place in making permanent the research and development tax credit, be printed in the RECORD.

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

REPUBLICANS WILL KEEP FIGHTING TO MAKE R&D CREDIT PERMANENT—HIGH TECH TASK FORCE CHAIRMAN ALLEN PRAISES SENATOR GORDON SMITH'S LEADERSHIP

WASHINGTON, DC.—Senate Republican High Tech Task Force Chairman Sen. George Allen (VA) today vowed to keep pushing for an amendment to make the Research and Development (R&D) Tax Credit permanent, despite almost universal Democrat opposition to the provision in a Senate vote. He also praised the leadership of Sen. Gordon Smith (OR) in sponsoring the amendment, which was also sponsored by Sen. Orrin Hatch (UT) and Sen. Allen.

Senate Democrats, led by Finance Committee Chairman Max Baucus (MT), defeated the provision 57-41. Only one Democrat joined 40 Senate Republicans in supporting the Smith-Hatch-Allen amendment. Cosponsors of the amendment were Senators Wayne Allard (CO), Robert Bennett (UT), Sam Brownback (KS), Conrad Burns (MT), Larry Craig (ID), Mike Crapo (ID), John Ensign (NV), and Kay Bailey Hutchison (TX).

"Senator Gordon Smith deserves commendation for his leadership for the idea of a permanent R&D Tax Credit," Chairman Allen said. "Unfortunately, Democrats voted almost universally to pull the plug on one of the top items on the technology community's agenda.

"I pledge the support of the High Tech Task Force in working with Senators Smith and Hatch to find any avenue to make the R&D Tax Credit a permanent part of our tax code.

"A permanent R&D Tax Credit brings certainty and will spur more American investment and more American jobs that can lead to the development of new, more cost-effective, and more efficient technology products and medicines Research and development are also essential for America's long-term, competitive economic growth."

Studies have shown that a permanent R&D tax credit would lead to higher wages for workers and gains in productivity.

The R&D tax credit was originally enacted in 1981 and has been temporarily extended ten times. Permanent extension of the Research and Development Tax Credit is a component of the Task Force's policy agenda, which was announced March 1, 2001.

Mr. ALLARD. Mr. President, I do not see anybody seeking recognition, so 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.

Mr. REID. 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. REID. Mr. President, I ask unanimous consent that the Senate now proceed to a period for morning business, with Senators permitted to speak therein for a period not to exceed 5 minutes.

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

FARM STABILITY

Mr. MILLER. Mr. President, our farmers are hurting, and they are facing an uncertain future. They desperately need the stability this farm bill will offer them.

Because we failed to act in December, many bankers are balking at issuing loans to farmers. The bankers want a guarantee that there will be a new farm bill this season, or, at the very least, a disaster relief package.

And our farmers cannot operate without loans. Their livelihood depends on getting that bank loan each season. So, we've left them in limbo, anxiously awaiting our next move.

That is why we must pass this farm bill as soon as possible.

Remember, the 1996 farm bill didn't pass until April of that year, and it was still able to be implemented for that year's growing season. We will be able to do the same this year if we pass a bill early this spring.

I worked hard on the Agriculture Committee to protect the interests of Georgia and the Southeast. The bill we came up with is good for Georgia. It provides more assistance for peanuts and cotton, and most Georgia agriculture groups had displayed a rare unity in rallying around it.

We must pass this farm bill and get it to the President as quickly as possible. Our farmers and the rural areas they breathe life into cannot afford for us to put it off any longer.

ADDITIONAL STATEMENTS

MOUNT UNION FOOTBALL TEAM

• Mr. DEWINE. Mr. President, I rise today to congratulate the Mount Union Purple Raiders football team, from Alliance, OH, on a number of outstanding achievements. The Purple Raiders just recently won the Division III National Championship for the fifth time in six years. Maintaining a perfect record of 13 victories, Mount Union's team has the longest current winning streak of any NCAA football team, and has won 82 of the last 83 games.

While their execution of the split-back offense is flawless, it is Mount

Union's academic performance that is truly remarkable. The college, as a whole, boasts 14 Academic All Ohio Athletic Conference winners and three Academic All-Americans. The football team has graduated a near-perfect percentage of players in the last 16 seasons. I applaud the Purple Raider players who exceed all expectations on the gridiron, as well as in the classroom.

For the local residents of Alliance, OH and the students of Mount Union, there is so much to be proud of. As they crowd into the oldest college football stadium in Ohio every fall, they are not only cheering for the heroes of the Purple Raiders, but also for future heroes, future leaders who will have acquired the valuable experiences that come with a solid education and a demanding athletic routine. These experiences will aid them in making a positive impact years from now.

Again, I congratulate head coach Larry Kehres and his Purple Raiders on a perfect championship season. They are a shining example of true student-athletes, and I wish them the best of luck next fall.●

GAINESVILLE, TX

• Mrs. HUTCHISON. Mr. President, I rise today with tremendous pride for the city of Gainesville, Texas. This city deserves special recognition for being the first city to establish The Medal of Honor Host City Program. The purpose of this unique program is to recognize those legendary, humble heroes who, through great personal sacrifice, have preserved our freedoms. At the same time this program will pay tribute to the principles that the medal represents—Duty, Honor, and Country. To this end, it will provide Medal of Honor recipients a stipend to cover lodging, food, and fuel expenses while visiting the city of Gainesville.

The local Veterans of Foreign Wars Post No. 1922, along with the leaders of the community, pioneered the project and have seen it through from idea to implementation. While designed to honor living recipients of the nation's highest decoration for military valor, it also was initiated with the intent of exposing the citizens of Gainesville to these role models of selfless service. When visiting the city, these men of uncommon valor will be invited to share their experiences with students, clubs, and local organizations. By providing youth the opportunity to hear, first-hand, these amazing tales of gallantry and the effect that these circumstances have had on the remainder of their lives, the principles of patriotism and duty will be propagated throughout the current generation and beyond. It also gives civic groups and classes an opportunity to thank them for everything that they have done for our country.

This project has not only been formalized, but has already been put into action. The first two Medal of Honor recipients visited the city this past