

advanced, in the 106th Congress. Specifically, this proposal called for a wage-based tax credit for targeted productions and provided: (1) a general business tax credit that would be a dollar-for-dollar offset against any federal income tax liability; (2) a credit cap at twenty-five percent of the first \$25,000 in wages and salaries paid to any employee whose work is in connection with a film or television program substantially produced in the United States and (3) availability of credit only to targeted film and television productions with costs of more than \$500,000 and less than \$10 million.

#### C. FUTURE SOLUTIONS

To rectify the problems of runaway productions, legislation at the local, state and federal levels is paramount. Over the past thirty years, the film industry has expanded beyond California to become a major engine of economic growth in states such as New York, Texas, Florida, Illinois and North Carolina. To achieve effective legislative remedies, it is critical to examine the successful programs implemented by other nations.

Maybe it is the inexorable result of a changing world. Regardless, the proliferation of foreign subsidies for U.S. film production, which is occurring at an increasing rate worldwide, raises troubling questions of fairness and equity. From a competitive standpoint, it appears as though the deck is stacked against a class of workers who seek to derive their livelihood from this industry but find their jobs have moved overseas. It is understandable that producers will take the opportunity to film abroad when the reduction in costs is as much as twenty-five percent. Consequently, the only remedy for America's workforce is to pass legislation that provides commensurate benefits in the United States.

It is apparent that a laissez-faire, market-oriented approach has failed the American worker. Unemployment is extraordinarily high within the creative community, leading to seventy percent of SAG's 100,000 plus members earning less than \$ 7,500 annually. This economic hardship is exacerbated by runaway production. Thus, it is abundantly clear that legislative remedies attempting to more adequately level the playing field must be pursued. Amid encouraging signs that a tax bill of significant consequence is likely to pass Congress in the coming months, it is imperative that the creative community take a proactive position to ensure that the tax bill provides incentives for domestic film production. It must use all resources to cure the concerns presented in the two reports outlined in this Article. Organizations, such as SAG, must work with Congress to develop a proposal that is acceptable in terms of cost and other political considerations.

While it seems unlikely that there is the political will or desire to match the incentives offered by many of our competitors, it is conceivable to the authors that an effective approach can be designed to substantially close the gap on cost savings without eliminating them. Thus, the approach advocated involves identifying the level where cost savings of filming abroad are minimized so as not to be the determinative location factor. An appropriate level may be in the range of ten percent cost savings versus the twenty-six percent cost savings now common in some Canadian locations.

It is important to note the strategy used to fashion a remedy is just as important as the relief sought. The industry should be willing to approach the tax-writing committee staff with the afore-mentioned concept and work

closely with them in designing a legislative remedy. This strategy represents a holistic approach to a global problem. It is important to remember the United States risks losing its economic advantage in a vital industry which carries with it enormous economic consequences. As noted in the Department of Commerce Report:

If the most rapid growth in the most dynamic area of film production is occurring outside the United States, then employment, infrastructure, and technical skills will also grow more rapidly outside the United States, and the country could lose its competitive edge in important segments of the film industry.

#### VI. CONCLUSION

Politics represents the art of the possible. The approach advocated in this Article should find a receptive ear in the halls of Congress if for nothing else than its simplicity. Timing is crucial. Left unchecked, the only certainty is continuing runaway production with the attendant economic costs, lost jobs, and diminished tax revenues at all levels of government. In a time of waning economic growth and warning signs of dwindling surpluses and future economic weakness, including production incentives into any upcoming tax relief is essential to preserving the U.S. workforce in the American entertainment industry.

#### IN RECOGNITION OF THE VIRGIN ISLANDS COUNCIL OF THE BOY SCOUTS OF AMERICA

#### HON. DONNA M. CHRISTENSEN

OF THE VIRGIN ISLANDS  
IN THE HOUSE OF REPRESENTATIVES  
*Wednesday, August 1, 2001*

Mrs. CHRISTENSEN. Mr. Speaker, I rise today to pay tribute to the Virgin Islands Council of the Boy Scouts of America, (VIBSCA) for their long-standing service to the people of the U.S. Virgin Islands and on the occasion of their being recognized by the organizers of the 29th Annual Open Atlantic Blue Marlin Fishing Tournament, popularly known as the "Boy Scouts Tournament," held each year on St. Thomas. Considered the best of its kind, the contest attracts top anglers from around the globe.

Scouting in the United States Virgin Islands can be traced as far back as 1914. After the transfer of the islands in 1917 from Denmark to the United States, there was scouting of a sort that for all intent and purposes was open only to children of the military. However, it was not until February of 1930, just three years after Scouting was established in Puerto Rico, that the first official Boy Scout Troop was formed in the United States Virgin Islands.

Mr. Speaker, history was made twice on the first of January 1965 when the Virgin Islands got their own Boy Scout Council and Mr. Samuel B. King became the first black council executive in the entire Boy Scout movement in the United States.

During the last thirty-six years, the VIBSCA have sent leaders to Wood Badge Courses in Puerto Rico and to the U.S. mainland and in 1983, the first leadership Wood Badge course was held at Howard M. Wall on St. Croix, U.S. Virgin Islands. Wood Badge, very similar the U.S. Army's Basic Training regimen, is the

highest training offered to selected male and female leaders to enable them to better serve the youth. The VIBSCA has participated in eight National Jamborees, one World Jamboree, nine Caribbean Jamborees and many trips to Philmont Scout Reservation in Cimmaron, New Mexico as well as many training courses locally and on the mainland for both leaders and Scouts.

I am proud to represent this segment of my constituency—the VIBSCA—because they have shaped and molded the minds and bodies of thousands of Virgin Islands youth over the past seventy-one years. As a result of their work and service to the Virgin Islands community, today many of these former scouts hold positions of influence and stature still contributing to the betterment of a rich and flourishing Virgin Islands society.

On behalf of a grateful Virgin Islands community, my family, staff and myself, I wish to congratulate the Virgin Islands Council of the Boy Scouts of America, its members, both past and present, for their many contributions to our community and for so generously giving of themselves and their values to generations of Virgin Islands youth over the years.

May God continue to bless the Virgin Islands Council of the Boy Scouts of America and scouts all over our blessed Nation. Best wishes for an eventful, fulfilling "Boy Scouts Tournament."

#### BILL TO AMEND THE INTERNAL REVENUE CODE OF 1986 TO CLARIFY THE TREATMENT OF INCENTIVE STOCK OPTIONS AND EMPLOYEE STOCK PURCHASE PLANS

#### HON. AMO HOUGHTON

OF NEW YORK  
IN THE HOUSE OF REPRESENTATIVES  
*Wednesday, August 1, 2001*

Mr. HOUGHTON. Mr. Speaker, today I am introducing a bill to solve a problem that has been facing a number of companies during the past year who grant stock options to their employees.

Many companies use stock options as an incentive to attract and motivate employees. Companies give their workers the right to purchase company stock, at a small discount from the listed price, through Employee Stock Purchase Plans and Incentive Stock Options. Employee stock ownership motivates workers and can create a positive relationship between management and workers, where both reap rewards for successful company performance.

For nearly 30 years the Internal Revenue Service (IRS) has taken the position that the income from these stock options is not subject to employment taxes. However, recent audits and rulings on specific companies have raised the troubling prospect that the IRS now believes that employment taxes should be withheld from the paychecks of individuals who exercise stock options under these plans.

Employee Stock Purchase Plans and Incentive Stock Options were created by Congress to provide tools to build strong companies and encourage greater employee ownership of company stock. It was not the intent of Congress to dilute these incentives by requiring

employment tax withholding when the stock is purchased.

While I am pleased that the IRS currently has in place a moratorium so that no employment taxes will be assessed on stock options, I believe Congress needs to clarify existing law to prevent any future attempts to change past policy on stock options. The current moratorium extends until January 1, 2003, and unless Congress adopts the proposed legislation, companies and workers will face uncertainty as to whether options are subject to withholding taxes.

The legislation I am introducing would clarify that the difference between the exercise price and the fair market value of stock offered by the Incentive Stock Option or Employee Stock Purchase Plan is excluded from employment taxes. In addition, wage withholding is not required on disqualifying dispositions of Incentive Stock Option stock or on the fifteen percent discount offered to employees by Employee Stock Purchase Plans.

I urge my colleagues to join me in cosponsoring this legislation.

**CLOSE FINGER LAKES NATIONAL  
FOREST TO DRILLING**

**HON. JAMES T. WALSH**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, August 1, 2001*

Mr. WALSH. Mr. Speaker, I rise today in opposition to proposals to drill for natural gas within the Finger Lakes National Forest located in Hector, New York between Seneca and Cayuga Lakes. This proposed drilling will have catastrophic effects on wildlife, recreation in the area, and tourism vital to the region's economy.

The Finger Lakes National Forest is the smallest national forest in the country and draws 46,000 recreational visitors each year who hunt, fish, camp, and hike on the 16,000-plus acre reserve. Any drilling in national parks, including the proposed drilling in the Finger Lakes National Forest which would utilize 130 foot rigs and pipelines, will cause irreparable damage to the landscape and environment.

Recently, my office has been flooded with letters from concerned neighbors across Upstate New York. I have referred their correspondence to Dale Bosworth, Chief of the United States Forest Service, to be included as part of the record on this issue.

In addition, I have expressed my concern to Congressman CALLAHAN, Chairman of the House Appropriations Subcommittee on Energy and Water Development. I encourage Mr. CALLAHAN and my fellow Appropriations Committee colleagues to support language recently added to an accompanying Senate Appropriations bill that would ban all oil and natural gas exploration in the forest. Our House Energy and Water Development conferees have the ability to retain the Senate version's language when the spending package is considered in conference later this year.

My father, former Rep. William F. Walsh, represented this area in Congress in the 1970's. During that time, he fought hard to en-

sure this pristine wilderness area would be protected for future generations. In our current attempts to construct a sound and responsible national energy policy, it is my hope that this body recognizes the need for continued environmental stewardship to protect these national treasures for the generations that follow.

I urge my fellow members to support my call to ban drilling in the Finger Lakes National Forest.

**RECOGNIZING AN OUTSTANDING  
FRIENDSHIP AND PARTNERSHIP  
BETWEEN TWO CITIES,  
IRWINDALE, CA, AND  
SALVATIERRA, GUANAJUATO,  
MEXICO**

**HON. HILDA L. SOLIS**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, August 1, 2001*

Ms. SOLIS. Mr. Speaker, I rise today to recognize an international friendship that began many years, has withstood the test of time and continues to grow as each year passes.

The Sister City Partnership between the City of Irwindale, California, in the 31st Congressional District and the City of Salvatierra, Guanajuato, Mexico, began 36 years ago. Through this partnership, both communities have realized cultural and humanitarian benefits.

For example, the City of Salvatierra has received donations from Irwindale of much-needed equipment such as a fire engine, ambulance, street sweeper and optical instruments to improve the quality of life for its citizens.

In addition, Irwindale has experienced firsthand the benefits of cultural exchange and good will through the bi-annual visits of its residents to Mexico. In fact, a local park in Salvatierra, Mexico, was named after the City of Irwindale.

I am privileged to recognize these two exemplary cities, Irwindale and Salvatierra, for their friendship and exchanges that benefit residents in both cities.

**CONGRATULATIONS TO COUNCIL  
OF KHALISTAN**

**HON. EDOLPHUS TOWNS**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, August 1, 2001*

Mr. TOWNS. Mr. Speaker, the Council of Khalistan, led by my friend Dr. Gurmit Singh Aulakh, recently completed 15 years of service and I would like to take this opportunity to congratulate the Council of Khalistan. Dr. Aulakh is a well-known presence around here. He has been working these halls for 15 years, advocating the cause of freedom for the Sikhs of Punjab, Khalistan, who are being subjected to brutal tyranny by the Indian government.

The Sikhs and other minorities like the Christians, Muslims, Dalit "untouchables," and others have been killed by the tens of thousands, held as political prisoners in large num-

bers—over 52,000 Sikhs alone, according to a recent report from the Movement Against State Repression—and subjected to other atrocities like violent attacks on religious institutions like Christian churches and schools, the Golden Temple, and the Babri mosque, attempts to burn down a Gurdwara and some houses, the Staines murder. In the face of these atrocities democratic India does nothing.

It is because of the efforts of activists like Dr. Aulakh that these matters come to light. He is a major leader in the human-rights movement and the leader of the Sikh community. I salute him for his tireless efforts and submit the following articles.

CONCERN AT NEW THREATS TO RELIGIOUS  
FREEDOM

[The following statement was issued in New Delhi and Hyderabad on Sunday, 29th July 2000 by All India Christian Council President Dr Joseph D'Souza and Secretary General John Dayal in the wake of reports of draconian changes in the Foreign Contributions regulation act, the Private members Bill in the Lok Sabha against freedom of faith, the incidence of Vishwa Hindu Parishad goons "arresting" Christian workers in Varanasi, the forcible "re-conversion" of Orissa Christians under the combined pressure of the VHP and the Orissa Police.]

The All India Christian Council calls upon Civil Society, the national Human Rights Commission and fellow citizens to take united action to counter a series of recent incidents in several Indian states by Fundamentalists extremists of the Sangh Parivar, as well as by police forces acting at their behest, in which the civil rights of Christian individuals and groups have been violently attacked. The Council is deeply concerned that the central and state governments, instead of taking urgent steps to restore confidence among the terrorised minorities, have seemingly condoned such actions. The Centre is in fact, according to media reports, bringing forward legislation that will further and more seriously affect religious minorities in the country and their work, and injure Constitutional guarantees.

The Council has declared it will extend all legal assistance to the victims who have been terrorised, specially in the states of Orissa, Gujarat, Uttar Pradesh and Rajasthan.

The most ominous incident has taken place in Varanasi in the state of Uttar Pradesh, where the state government controlled by the Bharatiya Janata party has condoned military training with firearms provided to elements of the Sangh Parivar in recent months. In that city on 24th July 2001, a Christian religious worker was among five persons "detained" by self styled vigilantes of the Vishwa Hindu Parishad. The five men had come to the city to attend a meeting. The City Superintendent of Police, who had the five men released, admitted they were innocent of the charges of conversion levied against them. The police have however taken no action against the VHP goons who terrorised the Christian group.

VHP groups are also terrorising the inmates of an ashram in Kota district of Rajasthan which is home to over 1,500 destitute and orphaned young people from various parts of the country. Death threats have been made against Bishop M A Thomas and officials of the Ashram. Many other similar cases have been reported from other states.

In Orissa, ruled by a coalition in which the BJP is a partner, the police have looked on while Tribal Christians are being coerced