While this legislation was developed with a great deal of input from Indian Country, it does not purport to include every single proposal that was advanced. Rather, this measure is intended to reflect those areas where inter-ethnic tribes are largely in agreement with refinements made as it is considered by the committees of jurisdiction during the legislative process.

MOTION PICTURE PRODUCTION: TO RUN OR STAY MADE IN THE USA

HON. JOHN CONYERS, JR. OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. CONYERS. Mr. Speaker, I submit that the following article from the Entertainment Law Review, by Pamela Conley Ulrich and Lance Simmons, be placed in the CONGRES- SIONAL RECORD.

MOTION PICTURE PRODUCTION: TO RUN OR STAY MADE IN THE U.S.A. (Pamela Conley Ulrich and Lance Simmons) In the Daimler to the movies a foreseen-made film; And good old actors were drinking whiskey and beer, singing this is the day, we’re unemployed oh here, this will be the day we’re unemployed here."

1. INTRODUCTION

Globalization profoundly impacts traditional ways of conducting business, and the entertainment industry is no exception. The new economics drastically changing the world. Could Hollywood become "Hollywoodbeen"? Will television and theatrical motion picture shot in the United States go the way of the American car and American-made clothing? Runaway production has caused serious labor issues, including loss of jobs and decline in the number of workers and jobs. In 1998, twenty-seven percent of films released in the United States were produced abroad, and an estimated 75 percent of jobs were lost to foreign countries. Lower exchange rates, direct government subsidies and lower labor wages entice American production companies to produce abroad. Unlike the U.S., countries in Europe offer tax incentives, 15-20% costs, construction materials are all lower. Labor exchange is 62 cents on the dollar. Labor costs,愤怒, world leadership in the field of theatrical motion pictures, the chance to present a more favorable American image on the received increased attention in June 1999, when SAG and the Directors Guild of America ("DGA") commissioned a Monitor Company report, "The Economic Impact of U.S. Film and Television Runaway Production" ("Monitor Report"), that analyzed the quality of motion pictures shot abroad and resulting losses. In January 2001, concerns over runaway production were addressed in a report prepared by the United States Department of Commerce. The report, "The Economic Impact of U.S. Film and Television Runaway Production" ("Monitor Report") was produced at the request of a bipartisan congressional group. Like the Monitor Report, the Department of Commerce Report acknowledged the "flight of U.S. production overseas is tempting. The Matrix" cost us 30 percent less than it would have if we shot it in the United States. . . . The rate of exchange is 62 cents on the dollar, Labor, costs, construction materials are all lower. And they want us more. They are very embracing when we come to them. Di Bonaventura, Warner Bros. production, received $12 million in tax incentives for filming "The Matrix" in Australia. This is a significant savings for a film that cost approximately $62 million to produce.

III. CAUSES OF RUNAWAY PRODUCTION

In the Department of Commerce Report, the government delineated factors leading to runaway film and television production. The following are related to the "substantial transformation of what used to be a traditional and quintessentially American industry into an increasingly dispersed global industry."

1. Vertical Integration: Globalization

Vertical integration is defined by the International Monetary Fund as "the increasing integration of economies around the world, particularly through trade and financial flows." The term "globalization" refers to the movement of people (labor) and knowledge (technology) across international borders.

Consequently, companies are now more productive and international in order to profit. Because companies are generally more interested in profits than in people, companies are often not loyal to communities in which they have flourished. Instead, they solely consider the bottom line in the process of making business decisions.

Columbia is an excellent example of the conversion from a traditional U.S.-based company to a global enterprise. Columbia began in 1918 when independent producer Harry Cohn, his brother Harry, and associate Joe Brandt, started the company with a $100,000 loan. In 1926, Columbia purchased a small lot on Gower Street in Hollywood, California. Not surprisingly, global corporations are no longer concerned with the ramifications of moving production outside uses of their community because of the proximity with bottom-line profits. Columbia exemplifies globalization. Columbia no longer owns a studio lot, let alone its humble beginnings on Gower Street. The company leases office space in a building in Culver City, California. Not surprisingly, global corporations think globally, not locally. Shooting abroad only acceptable to pro bono work to companies who are not loyal to any one country.
B. Rising Production and Distribution Costs and Decreasing Profits

By the end of the 1990s, studio executives began to alter their business methods. Despite aggressive cost-cutting, layoffs, strategic joint ventures and movement of production to foreign shores, rising production and distribution costs have consumed profits over the last decade. Production costs rose from an average of $25.9 million to $35.1 million. Distribution costs for new feature films more than doubled. In 1990, the average motion picture cost $11.97 million to distribute, and by 1999, that cost rose to $24.53 million. At the same time, profit margins dropped. For example, Disney Studio’s profits decreased from 25 percent in 1987 to 19 percent in 1997, and Viacom’s profits dropped from 13 percent in 1997 to less than 6.5 percent in 1999. Additionally, both Time Warner and News Corporation, parent of Fox, showed declines.

C. Technological Advances

According to the Department of Commerce Report, “(T)he new technologies and tools may well be contributing to the increase in the amount of production of U.S. entertainment programming.” Ten years ago, even if a foreign country had lower labor costs, it would have been prohibitively expensive to employ qualified technicians to produce a quality picture abroad. However, new technology is defeating that obstacle. Scenes shot on film now can be transferred or scanned into a videotape format; this process creates what is referred to as dailies. However, many foreign production centers have to instantly produce dailies from film. Nevertheless, technological advancement has led to the creation of high definition video, which, like dailies, offers immediate viewing capabilities approximating film quality.

D. Government Sweeteners

Canada is extremely aggressive in its application of both federal and provincial subsidies to entice production north of the border: “At the federal level, the Canadian government offers tax credits to compensate for higher labor costs. This legislation provides various subsidies to production companies for filming in Canada, including offering property leases at below-market rates. This legislation should serve as a model for other states, as they too struggle with an issue of increasing economic importance.”

B. Wage-Based Tax Credit

A possible solution could be patterned after a legislative proposal offered, but never 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 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 production, 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 do the same job for the same pay in the U.S. 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...
EXTENSIONS OF REMARKS

PERSONAL EXPLANATION

HON. JAMES H. MALONEY
OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. MALONEY of Connecticut. Mr. Speaker, on Tuesday, June 26, 2001, I was unavoidably detained and missed rollcall No. 190. Had I been present, I would have voted No on rollcall vote No. 190.

TRIBUTE TO THE CITY OF MURRIETA, 10TH ANNIVERSARY

HON. KEN CALVERT
OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. CALVERT. Mr. Speaker, it is with great pleasure today to pay tribute to a wonderful, young city in my district as they prepare to celebrate their 10th Anniversary—Murrieta, California, a “Gem of the Valley.” Murrieta is an expansive valley covered with grasses and dotted with oak trees.

Incorporated as a city in July of 1991 after an overwhelming supportive vote, Murrieta has seen tremendous growth since its small beginnings as a sheep ranch. It was a young Don Juan Murrieta who first recognized the natural beauty and vitality of this California valley and bought 52,000 acres in 1873. As the years passed by, the city saw slow growth and finally a boom when the railroad came through. By 1890, almost 800 people lived in the valley. Unfortunately, by 1935 the city had gone bust like so many western towns whose livelihood depended upon the railroad.

It would not be until 1987, more than fifty years later, that Murrieta Valley would once again come into its own. That year saw explosive growth for this sleepy little town. Totaling only 542 residents in 1970 and little more than 2,250 a decade later it found its population increase by a multiple of eight by 1991, to 20,000 residents, when Murrieta became an incorporated city. This year, as they celebrate their 10th Anniversary it finds itself the home of some 50,000 residents.

As a city and community, Murrieta has thrived with the greater control of its destiny over the last 10 years. That includes providing services from within the community instead of outside, such as police, fire and library systems of its own rather than contracting for these services.

In 10 short years, the City of Murrieta has seen its population and communities grow because of dedication to affordable housing, protecting the natural beauty of the valley, good schools, low crime and clean air. The city adopted its first General Plan after more than 50 public meetings to draft a vision of what the new city would become over the next several decades. The police department was created in 1992, the fire department in 1993 and the library system in 1998. Public services like these and what binds a city together along with the building of parks and recreational facilities and more, in fact, for their incredible progress as a city Murrieta has won numerous awards for innovation and performance.

PERSECUTION OF THE MONTAGNARD PEOPLES IN VIETNAM

HON. CASS BALLenger
OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. BALLenger. Mr. Speaker, today I am introducing a resolution concerning the persecution of the Montagnard peoples in Vietnam.

The Montagnards are indigenous peoples of the Central Highlands of Vietnam who have long suffered discrimination and mistreatment by successive Vietnamese governments. In the 1960’s and 1970’s the Montagnard freedom fighters were the first line in the defense of South Vietnam against invasion from the North, fighting courageously beside members of the Special Forces of the United States Army, suffering disproportionately heavy casualties, and saving the lives of many of their American and Vietnamese comrades in arms.

Today the Montagnards are singled out by the Vietnamese government due to their past association with the United States, their strong commitment to their traditional way of life and to their Christian religion.

Due to this persecution, many Montagnards have attempted to flee Vietnam to other countries, including Cambodia. The Royal Government of Cambodia has announced that Montagnards found in Cambodia who express a fear of return to Vietnam will be placed under the protection of the United Nations High Commissioner for Refugees rather than forcibly repatriated to Vietnam.

Unfortunately, it appears there is a policy of systematic repatriation of Montagnard asylum seekers to Vietnam by some officials of the central government. There also are credible reports that Vietnamese security forces are operating openly in the Mondulkiri and Ratanakiri provinces of Cambodia to repatriate Montagnards.

My resolution urges the government of Vietnam to allow freedom of religious belief and practice to all Montagnards, return all traditional Montagnard lands that have been confiscated, allow international humanitarian organizations to deliver humanitarian assistance directly to Montagnards in their villages, and to withdraw its security forces from Cambodia and stop hunting down refugees.

It also commends the Royal Government of Cambodia for its official policy of guaranteeing temporary asylum for Montagnards fleeing Vietnam and urges the Cambodian government to take all necessary measures to ensure that all officials and representatives of the local provincial and central governments fully obey the policy of providing temporary asylum. Finally, this resolution has the Department of State make clear to the government of Vietnam that continued