

*Speak*  
Specialty Advertising Association



1404 Walnut Hill Lane  
Irving, Texas 75038

April ~~27~~ 30 or ~~24~~ m.  
*2:00 Wed or Thurs*  
International  
8:00 am

214/258-0404

November 7, 1985

Senator Robert Dole  
United States Senate  
Washington, D.C.

ATTENTION: Betty Myers

Dear Betty:

Bob Odell informed me that you handle Senator Dole's speaking schedule and that I should address our request to you.

We're interested in procuring the Senator as the keynote speaker for a dinner or a breakfast at our Washington Legislative Conference from April 29 - May 1, 1986 in Washington, D.C.

Specialty Advertising Association International is the trade association that represents the specialty advertising industry. We have 3300+ member companies. Our legislative interests are primarily those of small business since the majority of our members are in that category. We are also concerned about issues pertaining to awards, advertising, incentives, independent contractors, and product liability.

Our organization is sponsoring the Washington Legislative Conference (the same event was held the first time in spring 1982) to educate our members in legislative affairs and acquaint them with the political process. We would like to be able to highlight a keynote speaker with name recognition in our promotion activity as an attendance draw. Our publicity efforts will begin in earnest in December, and we hope to have our roster of speakers in place by then.

We would like to have Senator Dole address our group at the opening dinner on ~~Tuesday, April 29 at 7:00 p.m.~~ on Wednesday, April 30 at the 8:00 a.m. breakfast, ~~or on Thursday, April 31 at the 8:00 a.m. breakfast.~~ Of course, we would provide the customary honorarium. His remarks should probably be geared toward small business; we can offer additional specifics in this area when needed.

Since we have over 40 member companies from Kansas making up part of a \$3 billion yearly business, we know the Senator's participation would be an important addition to our program. Thus, we have provided three options for consideration in his busy schedule.

11/15 Interim ltr - R  
2/5 - Ltr to Mark Dillon. Ks. 12

*7:30 Buffet  
8:00 SPEAK  
8:15*

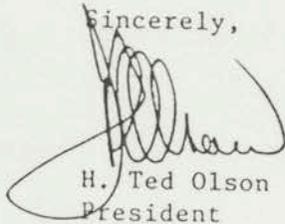
*H. Ted Olson  
President  
Wyatt Regency  
Yorktown & Valley Fc  
Kosmas  
Lower level  
letter 150-200 Assn. members  
in Ks. (see  
John Crockett's ltr  
attached)*

Senator Robert Dole  
November 7, 1985  
Page 2

ATTENTION: Betty Myers

Looking forward to hearing from you soon. We very much hope Senator Dole  
will be available for this engagement.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Ted Olson", written over the typed name and title.

H. Ted Olson  
President

HTO/ap

cc: Robert P. Odell, Jr.  
President  
ODELL, ROPER & ASSOCIATES, INC.

*Speak*

*82*

*Ma  
Thurs*

*11:00 am*

10800 Lackman Road  
P.O. Box 2909  
Shawnee Mission  
Kansas 66201  
Phone (913)888-4422



MARK S. GILMAN  
president

January 29, 1986

Senator Robert Dole  
United States Senate  
Washington, D.C. 20510

Dear Senator Dole:

The Specialty Advertising Association International will hold its 1986 Legislative Conference in Washington, April 29 through ~~May~~ *April 31*.

The specialty advertising industry is made up of small businesses which manufacture and distribute advertising and promotion products. Gill Studios is one of the industry's largest manufacturing companies, employing nearly 350 people. There are a number of specialty advertising firms in Kansas. Together, we were responsible for over thirty million dollars in sales last year.

SAAI president, H. Ted Olson, has extended an invitation to you to participate in the Legislative Conference. As a Kansan and an active participant in SAAI activities, I want to add my personal invitation to you. The many conference participants from all over the country would benefit greatly from your knowledge and insights.

Sincerely,

Mark S. Gilman

MSG:sb

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confused on date*

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nots left  
(asked)*

*182 0000 1000*



# Western Associates, inc.

specialty advertising premium distributors

Phone 316-382-3742  
124 E. Main, Marion, KS 66861

John Crofoot, President  
ADVERTISING THAT LASTS & REPEATS YOUR MESSAGE

12/17/85

*Speak*

*April 29, 30  
April 29, 30  
Hyatt Regency*

*Copy*

*7:30 breakfast  
8:00 speak*

*Hyatt Reg*

Senator Robert Dole's Office  
ATTN: Ms. Betty Meyer  
United States Senate Office Building  
Washington, DC 20510

Betty:

*Dear John*

*Oy*

As a follow up to our phone conversation regarding the Senator making a presentation to the Specialty Advertising Assn. Intl. Group while they are in Washington.

The meetings will be held at the Hyatt Regency, which makes it somewhat easier. The event we would most like to have him for is the opening dinner, April 29 at 7:00 p.m. He would be our keynote speaker which would be a terrific way to get the conference underway. There are also breakfast meetings on the 30th and 31st at 8:00 a.m. Again, these are at the Hyatt Regency. These could probably be moved up to 7:30 if it would fit the Senator's schedule better.

The people in charge are, of course, anxious to get other speakers lined up for the slots which he is not going to fill. I understand that you are not able yet to put together a firm calendar, however, we would appreciate hearing as soon as possible which dates are under consideration or if one will not work at all so that we may go forth with our planning.

I will certainly consider it a personal favor if the Senator can make it and I am sure the other participants from Kansas will be very proud to have their Senator there.

I am sure you will be receiving a more formal invitation later but consider this my personal invitation for you to attend our get together in Room 345, Cannon Office Building, on April 30 from 5:30 to 7:00.

Thanks for your help. HAPPY HOLIDAYS TO ALL OF YOU STUCK IN DISNEYLAND EAST.

Sincerely,

*John Crofoot*  
John Crofoot

BOB DOLE  
KANSAS

## United States Senate

OFFICE OF THE MAJORITY LEADER  
WASHINGTON, DC 20510

April 29, 1986

TO: SENATOR DOLE  
FROM: GEORGE PIELER  
SUBJECT: TALK TO SPECIALTY ADVERTISER'S/WESTERN ASSOCIATES

The Speciality Advertiser's have provided an issue paper on current matters of concern to them (attached).

On the issue of independent contractors, the Speciality Advertiser's are looking for a "safe harbor" for their salesmen, so that they could not be reclassified as independent contractors. In TEFRA Congress imposed an indefinite moratorium on IRS reclassification--the advertisers are concerned that the moratorium could be broken at some point, even though it has no expiration date (this is the issue John Crofoot of Western Associates in Marion raised with you).

Attached, in addition to materials on tax and budget, is a one-pager on product liability, which is also of interest to the advertisers.

Attachments

## Specialty Advertising Industry

Specialty advertising products consist of useful items, such as ballpoint pens, key tags and calendars, that are imprinted with an advertising message and distributed free of charge for advertising or promotional purposes. Sales of specialty advertising products, including business gifts, exceed \$3 billion annually.

Although most users of specialty advertising are business firms, the products are often used in situations unrelated to marketing. Many companies and organizations use advertising specialties internally to promote safety, to obtain money-saving suggestions or to motivate and recognize performance. Indeed, award programs, involving trophies, plaques, and other mementos of recognition are important elements in the business of many industry firms. Specialty advertising is also used by many non-business entities. For example, political parties and candidates have for many years used items, such as bumper stickers, buttons, and balloons in election campaigns and primaries.

There are approximately 7,000 companies in the specialty advertising industry, 1,500 of which are manufacturers (known as "suppliers") and 5,500 of which are distributors that actually sell the products to the advertisers. A few industry firms combine the manufacturing and distribution functions and are known as "direct selling houses." Virtually all firms in the industry are small businesses.

## Legislative Priorities

### 1. Tax Treatment of Independent Contractors

Although Congress has enacted legislation providing an indefinite moratorium against the enforcement of employment taxes against persons that qualify for independent contractor status, a problem still exists for many firms in the specialty advertising industry that have independent contractor salespersons. The IRS moratorium is not absolute, can be lifted at any time, and provides no guidance for determining who is an independent contractor within the meaning of federal employment tax laws. Accordingly, SAAI urges the enactment of a law providing clear and simple "safe harbor" tests for determining independent contractor status.

### 2. Business Gift Deduction

Business gifts are a vital part of the specialty advertising industry. They play an important and legitimate role in American industry generally. They are given, usually at Christmas time, as an expression of appreciation. In 1962 Congress set a \$25 limitation on the deductibility of business gifts in the Internal Revenue Code. Despite the enormous inflation that has taken place since 1962, the deductibility limit has not been changed. We believe it should be raised to \$100 and that section 274 of the Internal Revenue Code should be amended accordingly.

### 3. Employee Awards

Presently, employer awards for safety, productivity, and length of service are deductible by the employer-donor up to \$400 and up to \$1,600 in the case of awards made in accordance with a written plan. Generally the value of the award is considered by the IRS to be taxable to the employee. Imposing a tax on the awards nullifies the salutary purpose of such awards and the goodwill of the employer in making them. We therefore urge that Congress enact legislation ensuring that such awards not be taxable to the employee in amounts up to \$300.

### 4. Product Liability Legislation

The unpredictability and inequities of state product liability laws have made it almost impossible for interested parties to understand their rights and obligations. State product liability laws differ widely and make it possible for "forum shopping" by plaintiffs seeking the most favorable laws available. SAAI believes that Federal product liability legislation is needed to resolve those inequities and uncertainties. Such legislation should include provisions protecting distributor-wholesalers or "middlemen" from liability in cases where they neither see the product or have reason to know it is defective.

### 5. "Sales Representative Protection" Legislation

SAAI opposes the enactment of such legislation. We list it as a priority only because bills on the subject have been introduced in the past several Congresses and we believe the issue should be laid to rest. Such measures would constitute an arbitrary intrusion into private contractual relationships; restrict the parties freedom to bargain as they see fit; would be unnecessary to protect sales representatives and would increase the costs of goods and services sold by such persons.

### 6. Activities of the Small Business Administration

For more than 30 years SBA has stood as the sole government advocate for the small business community. SAAI strongly opposes the Administration's proposal to eliminate the SBA. It is absolutely essential that the SBA continue to represent the small business community in the executive branch of government.

7. Contemporaneous Records for Motor Vehicles

Written contemporaneous records for verifying motor vehicle tax deductions is an additional paperwork burden that falls most heavily on the small business person who is least able to comply. SAAI is opposed to this requirement and urges its repeal by Congress.

8. National Fiscal Policy/Federal Budget Deficit

The Federal deficit must be reduced to sustain a healthy economy. SAAI believes that all Federal expenditures, as well as tax policies, should be carefully reviewed to bring expenditures into balance with revenues. Special emphasis should be placed on entitlement programs, defense programs and the elimination of waste, mismanagement and inefficiency in the daily operations of government. It is essential that there be both further spending reductions and encouragement of investment and employment rather than tax increases which would discourage further growth of the economy.

April 29, 1986

- o Senator Packwood today floated two possible options for the Committee to consider. One would have a maximum individual tax rate of 26 percent. The other would have a top rate of 27 percent.
- o To do this, he suggests repealing the itemized deductions for consumer and investment interest paid, for medical expenses and for casualty losses.
- o He would also repeal the special rate for capital gains and the IRA deduction.
- o His plan would provide an average tax cut of over 5.5 percent for individual taxpayers.
- o The corporate tax rate would be reduced to 33 percent.
- o He would raise corporate taxes by \$70 billion and excise taxes by \$25 billion over 5 years.

March 27, 1986

Tax Reform Talking Points

- o The President's tax plan and the House bill are similar in concept--they both shift more of the tax burden to corporations and reduce the tax burden on individuals. But the bills are very different in how they make the change.
- o Both substantially reduce tax rates for individuals (the President to a maximum of 35%; Ways and Means to 38%) and for corporations (President 33%; Ways and Means 36%). But the Ways and Means rates take effect at much lower income levels: the 35% rate clicks in at \$43,000 for married couples, as opposed to \$70,000 under the Reagan plan.
- o Neither plan gets an A+ for the major objectives of tax reform--simplification and fairness, but the President's plan repealed many more of the overly complicated provisions of the tax code than the Ways and Means Committee effort. The House bill just modifies, but leaves in place, many complex tax rules.
- o The House bill falls far short of the President's on fairness grounds. Fringe benefits and itemized deductions are major causes of differing tax liabilities, and unlike the President's proposal, the House retained the State and local tax deduction, did less to limit interest-paid deductions, and did nothing on fringe benefits. This means that taxpayers with equal incomes can still have substantially different tax liabilities.
- o I have personally long favored income tax reform and, as Chairman of the Senate Finance Committee, led the fight over a number of years to plug unjustified tax loopholes.
- o The Senate Finance Committee has begun action on tax reform and will have a full schedule after the Easter recess. A lot of difficult decisions await the Committee if it is to maintain momentum towards the goals the President has outlined: lower tax rates, a \$2,000 personal exemption for everyone, and more incentive for saving and capital investment.
- o The 'Packwood draft' of tax reform goes a long way toward meeting the President's goals, including a top rate of 35% and a \$2,000 personal exemption for all but the wealthiest taxpayers. Still there are many controversial points that will be closely scrutinized.

-2-

- the deduction for State and local sales and personal property taxes would be repealed, and that for income taxes would be available only through the first two brackets.
- Interest deductions would be more severely limited than in the House bill, including a \$1,000/\$2,000 limit on the consumer interest deduction.
- The minimum tax would have a lower rate and a broader base than in the House bill, but is still likely to be controversial.
- Excise taxes would be increased significantly including those on beer and wine.
- o On the plus sides, from the viewpoint of many taxpayers--
  - The nonitemizer charitable deduction would be made permanent without adopting the floor under the charitable deduction included in the House bill.
  - Investment credit repeal would not take effect until March of this year.
  - ACRS would remain the basic depreciation system, with a limited inflation adjustment allowed.
  - The R&D credit would be made permanent.
  - The amount of new equipment costs small businesses can expense would be dramatically increased.
- o All in all, the Packwood draft does a better job of lowering tax rates while encouraging new investment and a productive climate for business.

### Interest on the Debt

The massive increase in debt has itself created one of the largest and fastest growing components of Federal spending--interest on the debt. Constant deficits have put fiscal policy on an endless treadmill of paying for the irresponsibility of previous decades:

- o In 1965, interest on the national debt cost \$9 billion and consumed 1.4% of GNP. By 1980, annual interest costs rose to \$52 billion--2% of GNP. But the worst was yet to come.
- o In 1985, interest on the national debt cost taxpayers \$130 billion--almost three times the level of five years ago. This represents 3.8% of GNP, 13.5% of the entire 1985 budget, and a 1,450% increase in costs over 1965.
- o \$130 billion is equal to the sum total of all Federal spending from 1789--the founding of the republic--to 1936. It also equals total Federal outlays in 1966, the entire defense budget in 1980, and twice the level of medicare funding today.

But if we can adhere to the deficit-reduction goals we've set for ourselves, I am very, very optimistic about the course of the economy. I think we take too much for granted what we have achieved so far: strong growth without inflation. We can keep that going if we reduce the deficit substantially. The way is open to economic performance unprecedented in the postwar period if we have the will to find it.

### Gramm-Rudman, the Dollar, and Inflation

- o Gramm-Rudman should help us meet the commitment we made last September to our trading partners: to reduce the deficit as part of our effort to moderate the value of other dollar.
- o By the same token, the risk of inflation should be reduced if we bring down the deficit under Gramm-Rudman, because the pressure to pump up the money supply to keep interest rates down will ease considerably.

### Gramm-Rudman: Challenge to the Established Fiscal Order

- o The first actions in response to the new Gramm-Rudman deficit control reform will be taken early in 1986. For those of you who missed it, late last year the Congress imposed a new fiscal straightjacket on itself. The new law sets firm deficit targets for each of the new five years, and mandates automatic across the board spending cuts if the deficit exceeds the target. The first round of automatic cuts under the proposal will take effect March 1 unless Congress comes up with a better way to meet the target.
- o In addition, President Reagan's budget for fiscal year 1987 is due to Congress by February 5. So we will have reconsideration of the 1986 budget proceeding simultaneously with our first shot at the 1987 budget.

That is a tall order, but is one we ought to be able to fill. Difficult as it seems, we should remember that the Gramm-Rudman law contains new procedures designed to make it easier to meet the deficit targets. We explicitly bring loan programs and other 'off-budget' items into the budget process; set a point of order against legislation from committees that have not met their budget savings allocation; and rule out of order legislation inconsistent with the deficit targets.

Possible Problems. We know there will be a rocky road ahead in implementing Gramm-Rudman. Congressmen Synar and others already have won the first round in their suit claiming it is unconstitutional, and the Reagan Administration also has some problems with the role of the Congress' General Accounting Office in mediating the deficit forecasts. The Supreme Court will have to give us a final ruling on all that in a few months. Even more important, what Congress can legislate, Congress can back out of. That's why we need a constitutional mandate for budgetary restraint, as well as a statutory one.

- o So Gramm-Rudman hasn't made our options any easier: but if it works as planned, it will force us--and the President--to make some decisions and choose among the various deficit-reduction options. That means everyone's cherished spending programs will be put to the test of fiscal responsibility.

Spending the Key. Finally, let me emphasize that Gramm-Rudman is a device for reducing Federal spending. It is not a tax increase plan, or a subterfuge for one. If we fail on the spending front, we can look at other options. But the sooner we entertain any revenue options, you can bet the pressure for spending cuts will drop fast.

#### The Deficit and the Average American

- o Unless we follow a deficit reduction path like that mandated under Gramm-Rudman, American families will face either higher interest rates or higher inflation: not to mention the risk of a disastrous new recession throwing millions of breadwinners out of work. That is what the Gramm-Rudman-Hollings initiative is all about.
- o Most economists believe that enactment of deficit reduction measures that eliminate the deficit by the end of the decade will produce a drop of at least 1 percent in interest rates over the short run and 2 to 3 percentage points over the long term: relative to what they otherwise would be.
  - With a 2% drop in interest rates, the monthly payment on a median priced home (\$80,000) would go down by about \$100 a month.
  - Conversely, if we don't reduce the deficit to keep rates as low as they are now, homeowners could face that large an increase--or more-- in monthly payments.
  - A 2% drop in interest rates would mean an additional \$4,000 in income for the average wheat farmer with a 1,000 acre operation.
  - In 1985, the Federal Government will overspend close to \$1,000 for every man, woman, and child in America.
  - This \$1,000 per head of additional federal debt will be one more burden for our children to repay in higher taxes or higher inflation in the future.

April 29, 1987

BUDGET TALKING POINTS

On April 21 the Senate began debating the fiscal 1987 budget resolution. The budget plan produced by the Senate Budget Committee is one that both I and many of my Republican colleagues believe misses the mark on three counts:

- o First, The revenue increase -- \$74.3 billion over three years is far too high.

- o Second, The defense spending authority figure is too low.

- o And finally, the budget does not go far enough in terms of spending reductions.

- o In an attempt to rectify these shortcomings, I have been meeting with Senator Domenici, chairman of the Senate Budget Committee, and Senator Lawton Chiles, the ranking Democrat on the committee. We have been trying to come up with a compromise -- one that would meet the Gramm-Rudman-Hollings deficit target -- but also address the concerns I just mentioned.

- o We hope we can fashion a budget that will have wide, bipartisan support. And we should know, in the next day or two whether this is feasible.

- o.. It's very important that we adopt a congressional budget resolution for a number of reasons.

IMPLICATIONS OF FAILURE TO MEET DEADLINES

- o Failing to set out a spending and tax guideline for Congress to follow would make everything we do in the coming months that much more difficult. But more important, failing to address the deficit issue head-on this year, while the economy is strong, means we are abdicating our responsibility to our children and grandchildren. We're living in a fool's paradise. Living on credit, and paying dearly for it -- \$145 billion in interest on the debt this year alone. But sooner or later those bills will come do -- and the effect that could have on the economy could well prove devastating.

- 2 -

o Missing the April 15 deadline makes it even more questionable that the reconciliation process necessary to achieve savings would be completed by June 15.

o Missing the April 15 deadline further complicates and delay tax-reform legislation this year, since a major issue of revenue increases or neutrality in tax reform would remain an open issue.

o Procedurally, the failure to adopt a resolution by April 15 means that appropriation bill mark-ups could proceed with no general blueprint for FY 1987 spending.

o Assuming no resolution is adopted by May 15, then House appropriation bills would likely proceed to be reported, passed, and sent to the Senate. No point of order (Section 303) would lie against such bills in the House, but would lie in the Senate. The Senate could waive the point-of-order by a majority vote, voting on a resolution by the SBC. It is not clear that the SBC would be able to report such a resolution and such a resolution would likely be objected to by Minority Leader Byrd if it were reported using a poll.

o For those who argue that we should sit back and do nothing because the healthy economy will take care of the deficit, that just isn't so. Even if the very optimistic economic projections are realized, we won't meet the \$144 billion Gramm-Rudman deficit target. And those who argue that we can reach the target merely by trimming appropriations accounts are also wrong. It will take more -- changes in entitlement benefit programs, and maybe even some revenue increases.

o We've got some tough choices ahead. If we, as a Nation, want our government to provide certain benefits, maintain certain programs, then we have to find a way to pay for them -- either by cutting back on other federal activities -- or by raising revenues.

o The Senate's shown it's willingness to make them in the past. And I'm sure it will again. It would be nice, however, to have some company.

#### BUDGET DETAILS

o The total deficit reduction in the resolution is \$38.8 billion in fiscal 1987; \$58.9 billion in 1988; and \$74.4 billion in 1989.

o The Committee's budget resolution contains \$18.7 billion in additional revenues in fiscal 1987 and a total of \$74.3 billion from fiscal 1987-89. Revenue effects from spending measures assumed in the budget, such as retirement reforms and the sale of CONRAIL, plus revenue from reconciliation would account for \$6.1 billion, \$22.3 billion over three years. And the president's budget contained \$5.9 billion in FY 87 revenue increases, \$21.6 over three years.

o Defense spending under the resolution would call for \$295.1 billion in FY 87 budget authority and \$280 billion in outlays. The President requested \$320.4 billion in budget authority, outlays, \$282.2 billion. According to the Budget Committee, the amounts included in the resolution allows for 2.8 % growth in budget authority from the FY 86 post-sequester budget authority level. In FY 1988 and 1989 there would be a 1% real growth rate.

o The budget resolution would reduce non-defense spending in FY 87 by \$17.3 billion in outlays, and by more than \$70 billion from FY 87-89, mostly through freezes and reductions. However, \$2.3 billion in additional FY 87 spending would be allocated for critical programs such as embassy security, space shuttle construction, a farm credit initiative (\$400 million over 3 years), IRS, Head Start and key education programs.

Social Security, military and civil service pensions and all other indexed programs would receive a cost-of-living adjustment. All civilian and military personnel would receive a 3% pay raise.

o Agriculture: The budget resolution assumes the enactment of the tobacco price support program contained in reconciliation with projected reduced budget authority and outlays of \$100 million in fiscal 1987 and \$600 million over three years; It assumes \$ 300 million in savings over three years from enactment of the 1985 farm bill; and it increases budget authority by \$150 million in each of the next three years and \$130 million in fiscal 1987 for farm credit programs.

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