

3-3:45

JUNE 22, 1988

TO: SENATOR
FROM: DALE
SUBJECT: PRESIDENTIAL ROUNDTABLE

THIS GROUP OF MAJOR DONORS (\$5,000 ANNUALLY) -- ARE MOSTLY BUSINESS ORIENTED TYPES. AND THE SENATORIAL COMMITTEE HAS ASKED THAT YOU SPEAK ON FINANCE AND TAX-RELATED ISSUES.

I'M SURE THEY WOULD BE INTERESTED IN THE STATUS OF TRADE/PLANT CLOSING.

I HAVE ATTACHED A COPY OF TODAY'S NEW YORK TIMES STORY ON THE WAYS AND MEANS TAX MARK-UP. ACCORDING TO RICH, THE COMMITTEE GOT A LATE START TODAY BECAUSE OF THE JOHN DUNCAN TRIBUTE, AND WAS NOT SCHEDULED TO GO INTO THE EVENING. HE WILL GET AN UPDATE TOMORROW AND GIVE YOU A STATUS REPORT.

Rostenkowski Offers Tax Changes

By GARY KLOTT

Special to The New York Times

WASHINGTON, June 21 — Representative Dan M. Rostenkowski, the chairman of the House Ways and Means Committee, today proposed scaling back the tax advantages of a variety of insurance products and increasing the tax burden on military contractors.

Those changes, he said, would help pay for extensions of several expiring tax breaks and provide relief for mutual fund shareholders and farmers.

Absent from Mr. Rostenkowski's list of revenue-raising measures were various proposals recently considered by a Ways and Means subcommittee to tax more types of income-producing activities carried on by museums, nonprofit hospitals and other tax-exempt organizations.

Subcommittee members said in an interview that a package of proposals failed to win sufficient votes at a recent subcommittee meeting. While they did not rule out the possibility that the proposals would come up again this year, the lawmakers said the proposals would not be made part of the current tax package.



Paul Conklin

Representative Dan Rostenkowski, chairman of the House Ways and Means Committee.

Mr. Rostenkowski's 94-page list of recommended tax changes was presented to committee members as they met behind closed doors to begin work on a bill aimed primarily at making "technical corrections" and other minor changes in the Tax Reform Act of 1986 and renewing various tax benefits that have expired re-

cently or are scheduled to expire this year.

No decisions were made today. The committee is scheduled to begin drafting the tax bill on Wednesday, and aides hoped the package could be completed this week.

The most heated debate at today's session centered on the life insurance proposals, members of the committee said.

Mr. Rostenkowski's recommendations were broader than those considered by the committee during recent hearings on restricting the tax advantages of single-premium life insurance policies. Under certain circumstances, Mr. Rostenkowski's proposals would also restrict the tax advantages of other investment-oriented life insurance policies, including universal-life policies and deferred annuities. In general, the proposals would impose harsher tax treatment on policy loans and distributions made from contracts that require less than 20 years of premium payments.

The proposals would affect amounts attributable to premiums paid beginning today.

The package proposed by Mr. Ros-

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Rostenkowski Offers a List of Tax-Law Changes

Continued From First Business Page

tenkowski, the Illinois Democrat, included tax changes costing \$6 billion over three years and an offsetting \$6 billion in revenue-raising measures. While changes to specific proposals are expected to be made by members, Mr. Rostenkowski's package is likely to form the general outline for any bill that eventually emerges from the committee.

Mr. Rostenkowski also proposed completely repealing a preferential accounting method used by military contractors and large building contractors to defer taxes. This "completed contract" method of accounting was sharply curtailed in the 1986 act. The latest proposal would cost the contractors \$2.4 billion over three years.

Mr. Rostenkowski's list also did not include a proposal to impose a 5 percent withholding tax on interest paid to foreign investors. The proposal was contained in an earlier list of options distributed to committee members.

Included on the list was a proposal that would provide relief for millions of mutual fund shareholders. Under a provision of the 1986 law, shareholders would have to pay tax this year on certain fund operating expenses, including investment advisory fees.

Among the expiring tax breaks that Mr. Rostenkowski proposed extending through 1990 are the credit for research and development expenditures, the "targeted jobs" credit for employers who hire disadvantaged youths, the exclusion for mortgage

revenue bonds issued by states to help first-time home buyers, the exclusion for tuition payments received by employees from company-sponsored educational assistance programs and the credit available for investors in low-income housing projects.

Tightening Eligibility

Not included on the list was the exclusion for company-sponsored group legal services plans, which labor groups had pushed hard to renew.

In proposing the extensions, Mr. Rostenkowski also recommended tightening some eligibility requirements. For example, the educational assistance exclusion would no longer be allowed for education leading to a postgraduate degree, except for graduate teaching or research assistants.

Mr. Rostenkowski also proposed providing relief for farmers and boat owners from a new system for collecting tax on diesel fuel. Both groups have long been exempt from diesel fuel taxes. But under the new method, the tax is collected at the wholesale rather than the retail level, and farmers and boat owners have to pay the tax and then file for a refund.

Other revenue-raising proposals included in the Rostenkowski package would require certain corporations to speed up payment of estimated taxes; reduce the deduction available to corporations investing in the stock of another corporation to 50 percent of dividends received, from 70 percent, and repeal a special provision in the 1986 act that allowed corporations owned by Alaskan tribes to sell tax losses to profitable companies.

June 23
Thursday

Joyce

April 27, 1988

The Honorable Robert Dole
United States Senate
SH-141 Hart Office Building
Washington, DC 20510

Ja

Dear Bob:

The Presidential Roundtable is a new major donor group (\$5,000 annually) at the Republican Senatorial Committee.

It is a business-oriented group, made up of executives from companies of all sizes. The group (approx. 125) is coming to Washington for its first meeting on June 23. We have set up briefings in the Old Executive Office Building during the morning. I would like to break down the group in the afternoon into small groups of about 15 for meetings with our Republican Senators.

77. I want to invite you to host one or two groups that afternoon, for about 45 minutes each. Members could come to your office, and really get a sense of having a "Roundtable" discussion with you. This format will give the Roundtable members a sense of having an intimate look at the Senate. We'll target issues of your committee and give you an opportunity for greater interaction with this important donor group.

We badly need this new Roundtable program to raise the money necessary to fund all of our races this year. I ask you to participate - I really do need your help. Please have your scheduler call Elizabeth Maruggi, of my staff, at 347-0202 by May 9.

Thanks again. I look forward to your participation on June 23.

Cordially,

Rudy Boschwitz

5/11 Advised Liz Sen. would do.

National Republican Senatorial Committee

SENATOR RUDY BOSCHWITZ
CHAIRMAN

JANN L. OLSTEN
EXECUTIVE DIRECTOR

June 23
Senator,
See attached list
of attendees

June 21, 1988

The Honorable Robert Dole
United States Senate
SH-141 Hart Office Building
Washington, DC 20510

Dear Bob:

I wanted to take a moment to say thank you for hosting one of our Task Force sessions in your office during the Presidential Roundtable Forum on June 23rd.

The Roundtable is a new major donor program of \$5,000 contributors. It is a business-oriented group, composed of executives from small to large companies across the country.

You have graciously agreed to host a group of our members in your office from 3:00-3:30 on June 23rd. You will be talking with Roundtable members regarding Finance/Taxes.

Please have your staff contact Jill Klemperer, 347-0202, if there is a conflict with either the time or the topic.

The enclosed talking points are merely suggestions. Please feel free to lead the discussion as you wish. I've also enclosed a list of attendees and their businesses. This list is subject to last minute changes, of which we will make you aware.

Once again thank you for agreeing to participate in this discussion. Our members are excited to have this special opportunity to meet with you in your office.

Cordially.

Rudy
Rudy Boschwitz

Finance/Taxes Talking Points

- 1) Discuss the downturn of the stockmarket last year.
- 2) Will it leave any lasting effects of the Financial status of the U.S.
- 3) Discuss the outcome of the Economic Summit earlier this week in Toronto.
- 4) What effect, if any, do these types of summit's have on American business.
- 5) What has been the effect, if any, on the economy of the changes in tax laws

THE PRESIDENTIAL ROUNDTABLE POLICY FORUM

Thursday, June 23, 1988

7:30 a.m.

REGISTRATION/BREAKFAST

J.W. Marriott Hotel - Salon II
Senator Rudy Boschwitz

9:00 a.m.

MORNING SESSION

Room 450, Old Executive Office Building
Pennsylvania Avenue Entrance

9:00 a.m.

Senator John Heinz

9:10 a.m.

The Honorable Frank Donatelli, Assistant to the President

9:25 a.m.

The Honorable John S. Herrington, Secretary of Energy

9:50 a.m.

The Honorable C. William Verity, Secretary of Commerce

10:30 a.m.

The Honorable Nicholas Brady, Dillon, Read & Co., Inc.

11:00 a.m.

The Honorable Howard Baker

11:15 a.m.

The Honorable Ann McLaughlin, Secretary of Labor

12:15 p.m.

LUNCH

The Russell Caucus Room
325 Russell Senate Office Building

Senator John Heinz
Keynote Speaker Malcolm S. Forbes

2:15 p.m.

TASK FORCE SESSIONS

Individual Senate Offices

3:45 p.m.

SENATE CHALLENGERS' UPDATE

138 Dirksen Senate Office Building

Congressman Connie Mack
Congressman Trent Lott
Mayor George Voinovich

6:30 p.m.

RECEPTION AND DINNER

The Decatur House
748 Jackson Place, N.W.
Washington, D.C.

THE PRESIDENTIAL ROUNDTABLE

The Presidential Roundtable represents an elite consortium of our country's most prominent leaders of business and government. The Roundtable is dedicated to exploring and addressing public policies that directly affect the economy and shape the future of this country.

Presidential Roundtable members gather in Washington twice a year for business-oriented meetings and discussions.

The Roundtable has a limited membership. This ensures an intimate atmosphere well-suited for developing personal relationships with our nation's policy makers. This unique opportunity for personal, informal interaction between industry and government leaders will foster an understanding critical to the formulation of sound economic policies.

Membership in the Presidential Roundtable entails an annual commitment of \$5,000. Every dollar goes directly into the National Republican Senatorial Committee Candidate Account to help elect Republican candidates to the United States Senate.

SENATOR DOLE

Mr. Warren F. Jones
President
Hehr International Inc.
3333 Casitas Avenue
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Mr. Lawrence H. Panitz
Attorney
Myerson & Kuhn
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Spouse: Karin

Dr. Harrison D. Willcutts
111 Park Ave.
West Springfield, MA 01081
Guest: Harrison Jr.

Mr. Monroe Milstein
Burlington Coat Factory
1126 Woodland Road
Mount Holly, NJ 08060

Mr. Romeo Abenoja
Interbank Financial Services
24 West 45th Street
New, York, NY 10036

Mr. Richard Muller
Chrysler Corporation
1100 Connecticut Avenue, NW
Washington, DC 20036

Ms. Patricia Kennedy
Chrysler Corporation
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Mr. Edward Y. Chapin, III
1303 Pattern Road
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Mary Jo Jacobi
First Vice President
Drexel Burnham Lambert
60 Broad Street
New York, New York 10004

Mr. Fred Joseph
CEO
Drexel Burnham Lambert
60 Broad Street
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Mr. Monroe Milstein

THE PRESIDENTIAL ROUNDTABLE TASK FORCE MEETING ASSIGNMENTS

YOUR SENATE HOSTS FOR YOUR TASK FORCE MEETINGS WILL BE:

MEETING I:

TASK FORCE:

Budget

SENATOR:

① Durenberger and ② Symms

STATE:

Minnesota and Idaho

OFFICE ADDRESS:

154 Russell Senate Office Bldg.

THE SENATOR SERVES ON THE FOLLOWING COMMITTEES:

MEETING II:

TASK FORCE:

Finance/Taxes

SENATOR:

Robert Dole

STATE:

Kansas

OFFICE ADDRESS:

E.F. 100

THE SENATOR SERVES ON THE FOLLOWING COMMITTEES:

Finance, Taxation, Agriculture, Rules
and Administration