

APRIL 6, 1989

TO: SENATOR DOLE  
FROM: CAROLYN SEELY  
SUBJECT: AAEL GOVERNMENT RELATIONS LUNCHEON

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You have agreed to address the annual Government Relations Conference luncheon of the American Association of Equipment Lessors next Wednesday, April 12, 1989, at 12:15 p.m. Your presentation is scheduled to last 30-40 minutes, including 10 minutes for questions if you are willing. Approximately 100 equipment leasing industry executives are expected to attend.

Your speech will be followed by lunch and a talk by Wayne Angell, Governor of the Federal Reserve. AAEL members will have heard on Tuesday from Senator Rudman, from Van McMurtry and Lindy Paull, respectively majority and minority staff of the Finance Committee, and from Mark Levy, Treasury staff.

The luncheon topic is described as the "1989-1990 Fiscal and Monetary Outlook". The issues of most concern to AAEL members are tax policy -- particularly investment incentives, such as depreciation, capital gains rates, and interest deductions -- monetary policy and deficit reduction.

*Speak*  
WINBURN, VANSCOYOC & HOOPER

BENEFICIAL BUILDING  
453 NEW JERSEY AVENUE, S.E.  
WASHINGTON, D.C. 20003  
(202) 488-3581  
TELEX (202) 646-0351

March 8, 1989

April 12  
Wed.

~~11:30 SPEAK~~  
~~12:15 Lunch~~  
~~12:30 SPEAK~~  
~~4:15~~  
(but flexible)  
Wash Court Hotel  
12:30 SPEAK  
Lunch

The Honorable Robert Dole  
141 Hart Senate Office Building  
United States Senate  
Washington, D.C. 20515

Dear Senator Dole:

I am writing on behalf of the American Association of Equipment Lessors to invite you to address their Annual Government Relations Conference to be held April 11-12 in Washington. Specifically, we would like to invite you to speak at the April 12th luncheon to be held at the Washington Court Hotel (formerly the Sheraton Grand Hotel) on the Senate Side of Capitol Hill. The luncheon is scheduled for 12:30, and will be attended by nearly 100 executives from the leasing industry.

As the equipment leasing industry is involved in providing nearly \$100 billion of leased equipment per year to American business and industry, these executives are very interested in the budget, deficit reduction, and tax and monetary policy. Certainly other issues which are on the "front burner" at the time would be of great interest to them as well.

We certainly hope your schedule permits you to join us on April 12th, and look forward to hearing from you once you have had the opportunity to consider the invitation.

Sincerely

*Lindsay D. Hooper*  
Lindsay D. Hooper

3/14 Advised Lindsay Sen. would do

3/15 Copy to Joyce, Sheila, Jo Walt & Carolyn

( \$2,000 honor )



American Association  
Equipment Lessors

*Jayce*  
March 17, 1989

The Honorable Robert Dole  
141 Hart  
Washington, D.C. 20510

Dear Senator Dole:

I am writing to express my delight and that of the AAEL that you have accepted our invitation to address the Annual Government Relations Conference luncheon on April 12 at 12:15 PM at the Washington Court Hotel. We would be delighted if you could stay for lunch but understand your schedule does not permit this. If you will recall, you spoke to this group several years ago with great success. We look forward to your return visit.

Also speaking at this luncheon following your presentation is The Honorable Wayne Angell, Governor of the Federal Reserve System. His presentation will start at 1:15 PM.

As was explained in our letter of invitation, you will be speaking to approximately 100 executives from the equipment leasing industry who have a great interest in issues related to tax policy, monetary policy and more specifically, incentives for capital investment such as depreciation issues, capital gains issues and interest deductibility issues as well as deficit reduction. You might also give us what you foresee happening on the Hill in these areas for the next 18 months.

Your presentation is scheduled to begin at 12:15 PM and should last approximately 30 to 40 minutes. You may want to allot approximately 10 minutes of that time for a question and answer session. We will, of course, provide any transportation necessary and will make any adjustments in the schedule which you may find you need. Please have your office contact me with whatever needs and arrangements you find necessary.

Enclosed is a brochure of the conference along with some materials which you may be interested in reading concerning our association and industry.

I look forward to seeing you on the 12th.

Sincerely,

*Michael J. Fleming*  
Michael J. Fleming, CAE  
President

MJF:md  
Enclosures

AMERICAN ASSOCIATION OF EQUIPMENT LESSORS  
GOVERNMENT RELATIONS CONFERENCE  
APRIL 11-12, 1989  
THE WASHINGTON COURT ON CAPITOL HILL - WASHINGTON, D.C.

AGENDA

Tuesday, April 11

9:00-10:30 a.m.	Conference Registration
10:30-10:40 a.m.	Welcoming Remarks
	Speaker: EDWARD A. DAHLKA, JR. Chairman, AAEL Federal Government Relations Committee MNC Leasing Corp. Towson, Md.
10:40-11:15 a.m.	Current Political Climate in Washington, D.C.
	Speakers: JOHN WINBURN Winburn Associates Washington, D.C.
	LINDSAY HOOPER Winburn Associates Washington, D.C.
11:15 a.m.-12:15 p.m.	Current Developments in Federal Government Issues Panels of experts will provide a status report and prognosis for several pending issues of importance to equipment lessors, including Foreign Tax Credit Regulations and 467 Regulations; LBO constraint proposals/interest deductability; "Leasing as a Passive Activity"/S Status; and the Telephone Excise Tax.

Panelists:

RAYMOND DOMBROWSKI, JR.  
Bell Atlantic Corporation  
Philadelphia, Pa.

JEFFREY J. LONSDALE  
Comdisco, Inc.  
Rosemont, Ill.

TOM C. MARTIN  
Computer Financial Inc.  
Hackensack, N.J.

RON SHORT  
U.S. Leasing International  
San Francisco, Calif.

12:15-2:15 p.m.

Hosted Luncheon

Topic:

Report of the National Economic  
Commission  
Proposed recommendations to reduce the  
deficit will be presented

Speakers:

Representatives from the Bush  
Administration and National  
Economic commission

2:15-3:00 p.m.

Tax Revenue Options and Tax Policy  
Session will highlight options that  
Congress most likely will consider for  
revenue increases for 1989 and 1990.

Speaker:

Leading Congressional Spokesman

3:00-3:15 p.m.

Break

3:15-4:45 p.m.

"Fixing" the Alternative Minimum Tax  
Session will focus on how the AMT is  
affecting leasing companies and how  
these effects can be corrected.  
Session will review Treasury's study of  
BURP and what AAEL is doing with the  
Treasury Department and Congress to  
correct the AMT.

Moderator:

ROY E. HAHN  
Coopers & Lybrand  
San Francisco, Calif.

Moderator:  
RAMIRO COLLAZO  
Xerox Credit Corp.  
Stamford, Conn.

Speakers:  
MORTEN BEYER  
AVMARK, Inc.  
Arlington, Va.

LAWRENCE R. CRAWFORD  
AVITAS, Inc.  
Reston, Va.

ED GREENSLET  
ESG Aviation Services  
Greenwich, Conn.

- o Healthcare Equipment Leasing  
Session will focus on issues in leasing  
equipment in the healthcare markets;  
impact of cost containment efforts;  
medicare and medicaid; changes in lease  
marketing and transactions.

Moderator:  
MARTIN E. ZIMMERMAN  
LINC Financial Services, Inc.  
Chicago, Ill.

Speakers:  
To Be Announced

Noon-2:30 p.m.

Closing Luncheon

Topic:  
1989-1990 Fiscal and Monetary Outlook

Speakers:

THE HONORABLE ROBERT DOLE  
United States Senate  
Minority Leader  
(R-KS)

THE HONORABLE WAYNE ANGELL  
Member, Board of Governors of the  
Federal Reserve System  
Washington, D.C.

Speakers:  
BARRY DENNIS  
Price Waterhouse & Co.  
Washington, D.C.

CURT F. GLENN  
GATX Leasing Corp.  
San Francisco, Calif.

5:00-7:00 p.m.

Congressional Reception

Wednesday, April 12

8:00 - 9:15 a.m.

Breakfast with...  
Several Breakfast sessions with key  
Congressmen and congressional staff  
will be held to discuss issues of  
importance to lessors.

9:30-10:15 a.m.

Globilization of Leasing  
Session will review issues related to  
doing business outside the U.S.;  
UNIDROIT and other treaties; Canada-  
U.S. free trade agreement; Europe 1992  
and the evolution of rules governing  
EEC; and strategies for U.S. leasing  
companies.

Moderator:  
LAWRENCE M. TAYLOR  
BancNewEngland Leasing Group  
Boston, Mass.

Speakers:  
To be announced

10:15-10:30 a.m.

Break

10:30 a.m.-Noon

Concurrent Sessions

- o Aircraft Leasing  
Session will highlight the status of  
legislation on Stage 2 aircraft  
environmental restrictions; proposals  
related to aging of aircraft;  
depreciation analysis, and airline  
deregulation.

APRIL 13, 1989  
TALKING POINTS  
AMERICAN ASSOCIATION OF EQUIPMENT LESSORS

- O GOOD AFTERNOON. IT IS A PLEASURE TO BE HERE. I  
KNOW THAT YOU ARE INTERESTED IN A RESPONSIBLE  
BUDGET AGREEMENT. AND THERE MAY BE ONE  
TODAY BEFORE THIS SPEECH IS OVER.



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## THE BUDGET DEFICIT

- O WITHOUT DOUBT, THE MOST IMPORTANT CHALLENGE FACING OUR COUNTRY TODAY IS THE BUDGET DEFICIT.
- O REDUCING THE DEFICIT WOULD HAVE MANY POSITIVE EFFECTS ON OUR ECONOMY, FROM REDUCING INTEREST RATES TO LOWERING OUR TRADE DEFICIT TO MAKING MORE MONEY AVAILABLE FOR SAVINGS AND INVESTMENT.

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O BUDGET DECISIONS ALSO SHAPE OTHER NATIONAL PRIORITIES. RIGHT NOW THE DEFICIT LIMITS THE AMOUNT OF MONEY WE CAN SPEND NOT ONLY ON NEW INITIATIVES, BUT ALSO ON EXISTING PROGRAMS. AS A RESULT, WE ARE BEING FORCED TO RELY MORE AND MORE ON SELF-FINANCING MECHANISMS FOR DOMESTIC PROGRAMS, AND WE MAY NEED TO PERSUADE OUR ALLIES TO ASSUME GREATER RESPONSIBILITIES FOR THEIR OWN DEFENSE.

## THE BUSH BUDGET

- O THE PRESIDENT HAS ALSO MADE REDUCING THE BUDGET DEFICIT HIS NUMBER ONE LEGISLATIVE PRIORITY. HIS FIRST MEETING WITH CONGRESSIONAL LEADERS, WHICH I ATTENDED, WAS A BIPARTISAN MEETING ON THE DEFICIT THAT LASTED TWO HOURS.

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O AFTER THAT THE PRESIDENT NAMED HIS  
NEGOTIATORS AND INSTRUCTED THEM TO SIT DOWN  
WITH THE CONGRESS. AND THIS IS HAPPENING. THE  
BUDGET COMMITTEE CHAIRMEN ARE CONDUCTING  
DEFICIT REDUCTION TALKS WITH THE PRESIDENT'S  
BUDGET DIRECTOR AND TREASURY SECRETARY. AND  
THEY ARE PLANNING TO COMPLETE THEIR WORK  
THIS WEEK.

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O IN ADDITION, PRESIDENT BUSH HAS MADE GOOD ON HIS CAMPAIGN PROMISES TO PRODUCE A KINDER AND GENTLER BUDGET AND TO MEET THE GRAMM-RUDMAN-HOLLINGS TARGETS WITHOUT RAISING TAXES. NOW I DIDN'T REALLY APPRECIATE THE MERITS OF THE FLEXIBLE FREEZE UNTIL NEW HAMPSHIRE. BUT THE CONCEPT IS REALLY QUITE SIMPLE. IT MERELY RESTRAINS THE GROWTH IN FEDERAL SPENDING TO THE RATE OF INFLATION.

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- O EVEN WITHOUT ANY CHANGES IN CURRENT POLICY,  
FEDERAL REVENUES WILL INCREASE BY MORE THAN  
\$80 BILLION IN 1990. WITH THIS REVENUE GROWTH, IT  
WILL BE POSSIBLE TO MEET THE 1990 G-R-H DEFICIT  
TARGET, IF CONGRESS STICKS TO THE PRESIDENT'S  
PLAN.

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## THE BUDGET PROCESS

O MOREOVER, I BELIEVE THAT IT IS IMPORTANT THAT WE ACCELERATE THE NORMAL BUDGET PROCESS WHICH CAN DRAG ON UNTIL OCTOBER OR NOVEMBER. IMPORTANT DEADLINES ARE LOOMING: THE SENATE BUDGET COMMITTEE FAILED TO REPORT A BUDGET RESOLUTION BY APRIL 1, THE TARGET DATE. HOWEVER, WE ARE NOW MOVING AND PROGRESS IS BEING MADE.

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O STARTING BUDGET NEGOTIATIONS WAS THE RESPONSIBLE THING TO DO. THE FINANCIAL MARKETS ARE NERVOUSLY AWAITING A SIGNAL THAT CONGRESS INTENDS TO ACT RESPONSIBLY TO MEET ITS DEFICIT REDUCTION TARGETS WITHOUT A SEQUESTER. IN RESPONSE TO ACCELERATING PRICE GROWTH, THE FEDERAL RESERVE HAS RAISED THE DISCOUNT RATE, AFFECTING EVERYTHING FROM THE PRIME RATE TO HOME MORTGAGES.



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O ONCE THERE IS A BUDGET AGREEMENT, WE CAN  
MOVE FORWARD WITH THE APPROPRIATIONS  
PROCESS, AS WELL AS TACKLING IMPORTANT  
PROBLEMS LIKE THE SAVINGS AND LOAN CRISIS,  
WHICH COULD BE DEBATED ON THE SENATE FLOOR  
NEXT WEEK, AND THE CLEAN-UP OF NUCLEAR  
WASTE. THE PRESIDENT SHOULD NOT HAVE HIS  
AGENDA HELD HOSTAGE BY A CONGRESS THAT  
REFUSES TO FACE UP TO THE TOUGH BUDGET  
CHOICES.

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## TAXES

O I AGREE WITH THE PRESIDENT THAT TO BALANCE THE BUDGET WE NEED TO LOOK AT SPENDING RESTRAINT AND NOT NEW TAXES. I ALSO BELIEVE THAT KEEPING THE LOWER RATES ENACTED IN 1986 IS VERY IMPORTANT, BOTH AS AN ECONOMIC INCENTIVE AND TO CONVINCe TAXPAYERS THAT OUR TAX LAWS ARE FAIR. THEREFORE, IN 1987, I INTRODUCED A

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RESOLUTION ADOPTED BY THE SENATE THAT WE  
SHOULD NOT ATTEMPT TO REDUCE THE DEFICIT BY  
TAMPERING WITH TAX RATES.

- O THE BUDGET PROPOSED BY PRESIDENT BUSH MAKES  
GOOD ON HIS CAMPAIGN PROMISES TO MEET THE  
GRAMM-RUDMAN-HOLLINGS DEFICIT TARGETS  
WITHOUT RAISING TAXES. SOME DEMOCRATS HAVE  
INDICATED THAT THE PRICE FOR ENACTING SOME OF

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THE PRESIDENT'S PROGRAMS MUST BE INCOME TAX RATE  
INCREASES. I BELIEVE THE THEY WILL FIND THAT WHEN  
THE PRESIDENT SAID "NO NEW TAXES", HE MEANT IT.  
THAT INCLUDES EXCISE TAXES, AS WELL AS RATE  
INCREASES.

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## CAPITAL GAINS TAX RELIEF

- O LAST MONTH, THE SENATE FINANCE COMMITTEE HELD HEARINGS ON THE PRESIDENT'S PROPOSAL TO REDUCE THE LONG-TERM CAPITAL GAINS TAX RATE ON INVESTMENT ASSETS. AT THAT TIME, ECONOMISTS FROM BOTH TREASURY AND CONGRESS DEFENDED THEIR REVENUE ESTIMATES.

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O THE TREASURY ESTIMATES THAT THE PRESIDENT'S PROPOSAL WILL INCREASE REVENUES OVER A FIVE-YEAR PERIOD BY \$9.3 BILLION, WHILE THE JOINT TAX COMMITTEE ESTIMATES THAT REVENUES WILL DECREASE BY \$24.2 BILLION OVER THE SAME PERIOD. WHATEVER THE OUTCOME, I BELIEVE THAT THE CONGRESS WILL BE RELUCTANT TO GAMBLE ON SUBSTANTIAL LONG-TERM REVENUE GAINS FROM THIS PROPOSAL.

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O MOREOVER, THE CHAIRMAN OF THE HOUSE WAYS  
AND MEANS COMMITTEE HAS INDICATED THAT HE  
WILL NOT ACCEPT A CAPITAL GAINS TAX DECREASE  
WITHOUT INCREASES IN INCOME TAX RATES WHICH  
ARE NOT ACCEPTABLE TO THE PRESIDENT AND MANY  
MEMBERS OF CONGRESS, NOT JUST REPUBLICANS.

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## INTEREST DEDUCTIONS

- O IN JANUARY, WHEN THE SENATE FINANCE COMMITTEE HELD HEARINGS ON THE TAX INCENTIVES FOR LEVERAGED BUYOUTS, RESPECTED ECONOMISTS ARGUED PERSUASIVELY AGAINST CURTAILMENT OF THE CORPORATE INTEREST DEDUCTION. SO PERSUASIVELY, IN FACT, THAT THIS ISSUE SEEMS TO HAVE LOST ALL OF ITS EARLY MOMENTUM AMONG COMMITTEE MEMBERS.



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O THEREFORE, IF THE WAYS AND MEANS COMMITTEE  
RECOMMENDS SIGNIFICANT LIMITATIONS ON  
INTEREST WRITE-OFFS, I BELIEVE THAT THE FINANCE  
COMMITTEE WILL EXAMINE THAT PROPOSAL  
CAREFULLY AND WITH SKEPTICISM.

## THE REPUBLICAN AGENDA

- O EVERY TWO YEARS THE CONGRESS STARTS WITH A CLEAN SLATE AND THE OPPORTUNITY TO RETHINK ITS AGENDA. THIS CONGRESS IS ALSO THE START OF A NEW ADMINISTRATION AND PRESIDENT BUSH HAS REACHED OUT TO BOTH DEMOCRATS AND REPUBLICANS IN CONGRESS SO THAT WE CAN WORK TOGETHER TO SOLVE THE DIFFICULT PROBLEMS CONFRONTING OUR NATION: THE BUDGET DEFICIT;

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IMPORTANT SOCIAL CONCERNS, SUCH AS  
RETIREMENT SECURITY, HEALTH CARE, EMPLOYEE  
BENEFITS, CHILD CARE AND EDUCATION; AND, NOT  
LEAST, OUR NATIONAL SECURITY.

- O ON OUR FIRST DAY IN SESSION, I JOINED WITH A  
NUMBER OF MY COLLEAGUES TO INTRODUCE  
LEGISLATION MANDATING A BALANCED BUDGET AND  
GRANTING THE PRESIDENT ENHANCED RECISSION  
AUTHORITY TO COMBAT CONGRESSIONAL SPENDING,

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ELIMINATING THE UNFAIR SOCIAL SECURITY  
EARNINGS TEST, IMPOSING SANCTIONS ON  
COMPANIES WHICH AID IN THE SPREAD OF CHEMICAL  
WEAPONS AND PROVIDING FOR CAMPAIGN FINANCE  
REFORM. SINCE THEN I HAVE INTRODUCED  
LEGISLATION TO DEAL WITH THE RURAL HOSPITAL  
CRISIS AND TO IMPLEMENT THE PRESIDENT'S CHILD  
CARE INITIATIVES.

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O SO YOU CAN SEE THAT OUR AGENDA ENCOMPASSES  
A BROAD SPECTRUM OF ISSUES FROM ECONOMIC  
RESPONSIBILITY AND SPENDING RESTRAINT TO  
LOOKING OUT FOR CHILDREN, THE ELDERLY, THE  
SICK AND THE POOR, FROM INTEGRITY AND  
COMPASSION AT HOME TO STRENGTH ABROAD.

CONCLUSION

- O AND CLEARLY, WE NEED THE HELP OF THE PRIVATE  
SECTOR -- OF ALL OF YOU -- IN ACCOMPLISHING  
THESE GOALS. YOU HAVE BEEN AN ESSENTIAL PART  
OF OUR SUCCESSES IN THE PAST, AND I HOPE THAT  
YOU WILL CONTINUE TO WORK WITH US IN THE  
FUTURE.
- O THANK YOU.