

MAY 10, 1989

TALKING POINTS

AMERICAN SOCIETY OF ASSOCIATION EXECUTIVES

- O THANK YOU FOR INVITING ME TO ADDRESS YOUR LEADERSHIP BREAKFAST. LEADERSHIP IS NOT A COMMON WORD IN CONGRESS RIGHT NOW. BUT WE DO HAVE AN AGENDA, AND WE ARE BEGINNING TO MAKE PROGRESS.

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LOBBYING REFORM

O I KNOW ALL OF YOU ARE CONCERNED ABOUT THE
IMPACT OF THE BUDGET DEFICIT AND PENDING
DEFICIT REDUCTION LEGISLATION ON THE
ORGANIZATIONS YOU REPRESENT. MORE AND MORE
OFTEN, BUDGET DECISIONS ARE SHAPING OUR
NATIONAL PRIORITIES.

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O YOUR ORGANIZATIONS ARE UNIQUELY PLACED TO REPRESENT THE VIEWS OF YOUR MEMBERS BEFORE THE CONGRESS. YOU HAVE THE RESOURCES. YOU HAVE STRENGTH IN NUMBERS.

O YET THE PREVAILING WISDOM WITHIN THE ASSOCIATION COMMUNITY SEEMS TO BE THAT CONTRIBUTING TO INCUMBENTS GUARANTEES ACCESS. I SEE SEVERAL PROBLEMS WITH THIS APPROACH.

O NUMBER ONE -- I DIDN'T KNOW THAT YOU HAVE TO BUY ACCESS.

- NUMBER TWO -- IF A PAC DIRECTOR DECIDES THAT INCUMBENCY IS MORE IMPORTANT THAN VOTING RECORD OR IDEOLOGY IN DETERMINING WHICH CANDIDATES DESERVE CONTRIBUTIONS, THEN IT SEEMS TO ME THAT THE ASSOCIATION IS ACTUALLY SACRIFICING ITS INFLUENCE ON THE TOUGH VOTES. WHAT IMPACT DOES A GROUP REALLY HAVE IF AN INCUMBENT CAN COUNT ON THEIR CONTRIBUTION EVEN IF HE OR SHE VOTES AGAINST THEM.

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O NUMBER THREE -- EACH OF YOU HAS HEARD THE STATISTICS -- HOUSE INCUMBENTS RACKED UP A 98.5% REELECTION RATE IN 1988. THE STATISTICS INDICATE THAT PAC CONTRIBUTIONS HAVE REINFORCED THAT TREND. AS THE REPUBLICAN LEADER IN THE SENATE, I OBVIOUSLY DON'T WANT AN ENTRENCHED DEMOCRATIC MAJORITY RUNNING THE CONGRESS. AS THE MINORITY PARTY IN THE CONGRESS, WE WANT TO ENSURE THAT CHALLENGERS HAVE ACCESS TOO.

-6-

O THE BUDGET AGREEMENT

O AFTER NEGOTIATING FOR WELL OVER A MONTH, THE PRESIDENT AND CONGRESSIONAL LEADERS HAVE AGREED ON A 1990 BUDGET PLAN. THIS AGREEMENT IS NOT A BOLD PLAN. MOST MEMBERS OF CONGRESS, ON BOTH SIDES OF THE AISLE, WISH THAT THIS AGREEMENT HAD GONE FARTHER AND THAT IT HAD SAVED MORE ON SMOKE AND MIRRORS.

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- O SO PERHAPS THE MOST POSITIVE THING THAT CAME OUT OF THE SUMMIT AGREEMENT WAS THAT THE NEGOTIATORS DECIDED TO BEGIN NEGOTIATING THE FISCAL 1991 BUDGET AS SOON AS THEY FINISH WORK ON THE FISCAL 1990 BUDGET. AND, BELIEVE IT OR NOT, THE "PRE NEGOTIATIONS" ARE SCHEDULED TO BEGIN THIS WEEK.

O I HOPE THE NEGOTIATORS START BY GOING BACK
AND TAKING A GOOD LOOK AT THE ORIGINAL BUSH
FREEZE PLAN. I REMEMBER GETTING SOME PRETTY
STRONG SUPPORT FROM THE AMERICAN PEOPLE
FOR MY OWN OUTLAY FREEZE PROPOSAL. IT IS THE
FAIREST AND MOST REASONABLE WAY I'VE SEEN TO
GET EXCESS SPENDING OUT OF THE BUDGET FAST.

0 FOR MANY IN WASHINGTON A FREEZE IS A RADICAL
CONCEPT. THEY BELIEVE FEDERAL SPENDING
SHOULD GROW WITH INFLATION, WHETHER OR NOT
WE HAVE THE MONEY TO PAY FOR IT. WELL, AS FAR
AS I KNOW THERE IS NO RULE THAT SAYS
GOVERNMENT PROGRAMS SHOULD NEVER BE
SHRUNK OR ELIMINATED.

BUDGET REFORM

- O IN ADDITION TO THE BUDGET NUMBERS, I BELIEVE IT IS FINALLY TIME TO INSTITUTE SOME LONG-TERM REFORMS TO FIX OUR BROKEN BUDGET PROCESS. AS I MENTIONED BEFORE, I HAVE INTRODUCED TWO BILLS TO ADDRESS THE PROBLEM OF BUDGET REFORM -- LEGISLATION TO ADD A BALANCED BUDGET AMENDMENT TO THE CONSTITUTION AND LEGISLATION TO ENHANCE THE PRESIDENT'S RECISSION AUTHORITY TO CUT PORK BARREL SPENDING.

O ANOTHER WAY OF GIVING THE PRESIDENT MORE
POWER TO ELIMINATE OVERSPENDING IS THE LINE
ITEM VETO. I HAVE NOT SPONSORED LEGISLATION
TO GIVE THE PRESIDENT A LINE ITEM VETO, BECAUSE
I BELIEVE THAT ARTICLE 1, SECTION 7, CLAUSE 8 OF
THE CONSTITUTION MAY ALREADY GIVE THE
PRESIDENT THE POWER TO VETO LINE ITEMS IN BILLS
SENT TO HIM BY CONGRESS. I ENCOURAGE

PRESIDENT BUSH TO TEST HIS LINE ITEM VETO

POWER EARLY ON HIS TERM AND LET THE COURTS

DECIDE WHETHER IT IS CONSTITUTIONAL OR NOT.

- O WHATEVER WE DO, WE CANNOT ALLOW ANOTHER YEAR TO SLIP AWAY WITHOUT SERIOUS ACTION. IT'S A LONG, ROUGH ROAD, BUT WITH LEADERSHIP AND PERSERVERENCE, WE CAN MAKE THE HARD CHOICES AND BRING THE BUDGET DEFICIT INTO LINE.

TAXES

- O NOW, I AGREE WITH THE PRESIDENT THAT TO
BALANCE THE BUDGET WE NEED TO LOOK AT
SPENDING CUTS AND NOT NEW TAXES. I DO NOT
BELIEVE THAT TAX INCREASES ARE A SUBSTITUTE
FOR SPENDING RESTRAINT TO REDUCE THE FEDERAL
BUDGET DEFICIT.

O I ALSO BELIEVE THAT KEEPING THE LOWER RATES ENACTED IN 1986 IS VERY IMPORTANT, BOTH AS AN ECONOMIC INCENTIVE AND TO CONVINC TAXPAYERS THAT OUR TAX LAWS ARE FAIR. IN 1987, FOR EXAMPLE, I INTRODUCED A RESOLUTION -- LATER ADOPTED BY THE SENATE -- THAT CONGRESS SHOULD NOT ATTEMPT TO REDUCE THE DEFICIT BY TAMPERING WITH THE TAX RATES.

B. CAPITAL GAINS

- O THE 1990 BUDGET AGREEMENT CALLS FOR ONLY \$5.3
BILLION IN NEW REVENUES AND AN ADDITIONAL \$500
MILLION IN INCREASED IRS ENFORCEMENT.
- TREASURY ESTIMATES THAT THE PRESIDENT'S
CAPITAL GAINS TAX CUT PROPOSAL WOULD RAISE
\$4.8 BILLION OF THAT NEW REVENUE.

- O WHILE THE LONG-TERM REVENUE IMPACT OF A CAPITAL GAINS TAX CUT IS VERY MUCH IN DISPUTE, EVEN CONGRESSIONAL ECONOMISTS ESTIMATE THAT THE PRESIDENT'S PROPOSAL RAISES MONEY -- THEY SAY \$3.3 BILLION IN THE FIRST YEAR.

- O WE MAY NOT AGREE ON A CAPITAL GAINS CUT THIS YEAR. THE CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE HAS INDICATED THAT HE WILL NOT ACCEPT A CAPITAL GAINS TAX DECREASE

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WITHOUT OTHER TAX INCREASES. THIS IS NOT
ACCEPTABLE TO THE PRESIDENT AND IT IS NOT
ACCEPTABLE TO MANY MEMBERS OF CONGRESS.

- O WHATEVER MEANS ARE FOUND TO RAISE THIS
REVENUE -- CAPITAL GAINS CUTS, LOOPHOLE
CLOSING (AND THE PRESIDENT'S BUDGET DIRECTOR
HAS AFFIRMED THAT LOOPHOLES ARE NOT DUCKS),
OR INCREASED COMPLIANCE -- I BELIEVE THE YOU
WILL FIND THAT WHEN THE PRESIDENT SAID "NO NEW
TAXES", HE MEANT IT.

SECTION 89

O I KNOW THAT YOU ARE CONCERNED ABOUT THE
ADMINISTRATIVE BURDENS IMPOSED ON HEALTH AND
WELFARE BENEFIT PLANS BY SECTION 89 OF THE
INTERNAL REVENUE CODE. I HAVE RECEIVED
LETTERS FROM BUSINESSMEN ACROSS THE STATE
WHO ARE SIMILARLY CONCERNED. IN MOST CASES,
THESE COMPLAINTS ARE JUSTIFIED.

O ACCORDINGLY, A MAJORITY OF THE MEMBERS OF
CONGRESS NOW FAVOR RELIEF FROM SECTION 89.
EVEN THE DEMOCRATIC CHAIRMAN OF THE HOUSE
WAYS AND MEANS COMMITTEE, WHO REPEATEDLY
DEFENDED SECTION 89 IN THE PAST, HAS NOW
INTRODUCED SIMPLIFICATION LEGISLATION.

- O OBVIOUSLY, THIS MOVE IS IN PART A RECOGNITION OF THE POLITICAL REALITIES. DURING DEBATE ON THE MINIMUM WAGE LEGISLATION, THE SENATE VOTED 98-0 FOR A RESOLUTION CALLING ON THE HOUSE TO REPEAL OR SUBSTANTIALLY SIMPLIFY SECTION 89.

- O IN ADDITION, IN RESPONSE TO A LETTER SIGNED BY SENATOR SYMMS, MYSELF AND OTHER CONCERNED SENATORS, TREASURY HAS DELAYED THE START-UP DATE FOR SECTION 89 COMPLIANCE UNTIL OCTOBER 1 AND HAS PLEDGED TO WORK WITH THE CONGRESS TO AMEND THESE RULES.

O INDEED, IN TESTIMONY GIVEN YESTERDAY BEFORE THE SENATE FINANCE COMMITTEE, TREASURY REPRESENTATIVES STATED THAT THE STAFF IS FOCUSING ON THE AVAILABILITY OF COVERAGE AS ITS BASIC APPROACH TO SECTION 89. IN ADDITION, IT IS SPECIFICALLY ADDRESSING THE PROBLEMS OF INADVERTENT OR MINIMAL NONCOMPLIANCE, THE TREATMENT OF SALARY REDUCTION PLANS AND THE SPECIAL NEEDS OF SMALL BUSINESSES.

O THE AIM OF SECTION 89 -- TO DENY A FEDERAL TAX
SUBSIDY TO DISCRIMINATORY BENEFIT PLANS -- IS
VALID. HOWEVER, THE PRICE OF THE CURRENT
RULES IN TERMS OF COMPLEXITY AND BURDENS ON
AMERICAN BUSINESS IS CLEARLY TOO HIGH.

VOLUNTEER PROTECTION

O I RECOGNIZE THAT THE ESCALATING VOLUME OF
TORT LITIGATION AND THE CORRESPONDING COST
AND SCARCITY OF LIABILITY INSURANCE IS
AFFECTING THE ABILITY OF NONPROFIT
ORGANIZATIONS TO RECRUIT VOLUNTEERS TO SERVE
ON BOARDS OF DIRECTORS AND IN OTHER
POSITIONS OF RESPONSIBILITY.

- O THIS IS A SERIOUS PROBLEM. HOWEVER, I BELIEVE THAT THIS PROBLEM NEEDS TO BE ADDRESSED IN THE CONTEXT OF THE LARGER ISSUE OF TORT REFORM.

- O IT IS PAST TIME FOR THE CONGRESS TO ACT ON THE VARIOUS PROPOSALS INTRODUCED BY MEMBERS OF CONGRESS ON THIS SUBJECT.

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; 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,
ELIMINATING THE UNFAIR SOCIAL SECURITY
EARNINGS TEST, IMPOSING SANCTIONS ON
COMPANIES WHICH AID IN THE SPREAD OF CHEMICAL
WEAPONS AND PROVIDING FOR CAMPAIGN
FINANCEREFORM. 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 REPUBLICAN 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.

O SO YOU CAN SEE THAT OUR REPUBLICAN 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
NONPROFIT 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.

MAY 8, 1989

TO: SENATOR DOLE
FROM: CAROLYN SEELY
SUBJECT: SPEECH TO ASAE ANNUAL LEGISLATIVE CONFERENCE

At 8:40 a.m. on Wednesday, May 10, 1989, you are scheduled to address the "Leadership Breakfast" at the Annual Legislative Conference of the American Society of Association Executives. You will follow Speaker Wright who is scheduled for 8:20. Bill (R. William) Taylor, ASAE's President, will introduce you. The speech is expected to last approximately 20 minutes.

ASAE members are executives of national, state and local trade associations. There are 18,500 individual members representing more than 8,000 organizations. About 150 are expected at breakfast.

The major issues of concern to ASAE are reform of the Unrelated Business Income Tax ("UBIT"), Section 89, the escalating exposure of volunteer directors and officers to tort liability and the possibility of further restrictions on business deductions for meals, entertainment and even travel.

So far, the Members of the Ways and Means Committee Oversight Subcommittee have refused to recommend radical changes to the UBIT. The Finance Committee is letting Ways and Means take the lead on this issue, but the Chairman has promised that the Committee will take an independent look at any House-passed measures. ASAE is most concerned about staff proposals to change the treatment of advertising and royalty income and about possible restrictions on the ability to conduct business activities through taxable subsidiary corporations. However, the group will hear directly from the House Members involved.

It is possible that Vice President Quayle will give the keynote address on Tuesday. In addition, ASAE members will hear from Senators Ford (on lobbying), Symms, and possibly Packwood, and Congressmen VanderJagt & Rangel (on UBIT), McGrath and Edwards. Following you on Wednesday are Congressman Panetta on the budget and Ken Duberstein on the Executive Branch. Staff from the Ethics Committee and the tax-writing committees, as well as Association executives and counsel appear throughout the Conference.

ASAE's 8th Annual Legislative Conference



April 28, 1989

Joyce

*The
Tax
Threat
To
Volunteers*

The Honorable Bob Dole
Senate Minority Leader
141 Hart Senate Office Building
Washington, D.C. 20510

May 9-10,
1989

Attention: Betty Meyer

asae

Dear Mr. Leader:

I am delighted to confirm your participation at the "Leadership Breakfast" being held as part of ASAE's 8th Annual Legislative Conference. The breakfast will be held Thursday, May 10 in the Central Hearing Room of the Hart Senate Office Building (SH-216). We are expecting 250-300 association leaders from across the country to attend.

You are confirmed to speak between ~~8:30~~⁹:00-10:00 that morning, immediately following Speaker of the House Jim Wright. In addition to members of the trade press, C-SPAN will also be covering the breakfast.

Enclosed is a policy document that ASAE has prepared on associations and the importance of their tax-exempt treatment. The leading issue of concern to our membership is proposed changes to the Unrelated Business Income Tax. Additionally, we are interested in the prospects for simplifying the Section 89 nondiscrimination rules on employee benefit plans. We would be most appreciative if you could touch on these topics in your remarks.

Once again, thank you for your participation. We are looking forward to May 10 with great anticipation. If you have any questions, please do not hesitate to call.

Sincerely,

G. Harris Jordan
Director of Government Affairs

GHJ/btp
Enclosure

P.S. Please send us a copy of your biography for purposes of introduction.
Thank you very much.

SPEAK

Wed ^{May 10} Tuesday May 9

ASAE's 8th Annual Legislative Conference



Joyce
March 31, 1989

8:00 Shift
8:30 Shift
SH-216

Grand Hyatt Hotel
Wash. D.C.

any \$ 2,000

The Tax Threat To Volunteers
May 9-10, 1989
asae

The Honorable Robert Dole
Senate Minority Leader
SH-141 Hart Senate Office Building
Washington, D.C. 20510-1601

Attention: Betty Meyer

Dear Mr. Leader:

In the past (1984, 1985 and 1986) you have honored the American Society of Association Executives (ASAE) by speaking at our Legislative Conference. This year, our Legislative Conference will be held on Tuesday, May 9th, at the Grand Hyatt Hotel in Washington, D.C. We would be grateful if you could once again participate.

The program will focus on Congress' need to reduce the deficit and the likely impact on tax-exempt, voluntary membership organizations across the country. You would be the keynote speaker for this event. The presentation would run from 1:00-1:30 p.m. on May 9th, preceded by a gala luncheon beginning at noon. 8:30 10

approx. 150+ at ticket

As perhaps you remember, this annual event, which last year attracted more than 500 association executives from across the country, gives our members the opportunity to be briefed on key legislative issues which impact the association community. More importantly they are able to meet personally with Senators and Representatives to express association concerns.

For your information, enclosed is background material on ASAE and the association community.

ASAE sincerely hopes that you can join us for this exciting event. As Senate Minority Leader and a leading member of the Finance Committee, your insights on tax policy as well as on Congress and politics generally, will be of great interest to our members. I look forward to being in touch soon.

Thank you very much for your consideration.

Sincerely,

Rod Geer
Roderick L. Geer, CAE, CLU
ASAE, Chairman of the Board

*Harrie Jordan
626-2723
or Jim Albertine
(volunteering) 898-2801*

RLG/btp
Enclosures

Hon. \$ 2,000

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United States Congress



Association

Issues

Book

asae

FEDERAL POLICY TOWARD ASSOCIATIONS: An Appraisal

A Report Prepared By

**The American Society of Association
Executives**

Washington, D.C.

March 1989