→ RAY LUTHER

Speak Sunday May 4 or May 5 or 6 AM

National Association of Industrial and Office Parks

1215 Jefferson Davis Highway • Suite 100 • Arlington, Virginia • 22202 • 703/979-3400

If can do Sun. eve. before dinner + then leave

February 10, 1986

~~7:00~~ 7:30 Speak Crystal Gateway Marriott Salons J + K main Level

Honorable Robert Dole
United States Senate
141 Hart Senate Office Building
Washington, D.C. 20510

Attention: Betty Meyer
Scheduling Secretary

Dear Ms. Meyer:

Our immediate past president, Tom G. Congleton of Jones & Company in Overland Park, Kansas, has asked me to write to you to officially invite Senator Dole to two events which we feel are very important to real estate development in Kansas and around the country. I hope you will encourage the Senator to give every consideration to Mr. Congleton's invitation.

The first event is a private dinner at the J.W. Marriott Hotel in Washington, D.C. on Wednesday, March 12, 1986. Cocktails will begin at 6:00 p.m. and dinner starts at 7:00 p.m. The purpose of the dinner is to get legislators together with the leading owners and developers of industrial and office facilities in the country for a special evening of dinner and conversation. Mr. Congleton has asked me to stress to you that ALL of the leading real estate organizations in the country (elected and staff officers) will be represented at the dinner including the National Association of Realtors, the National Realty Committee, the International Council of shopping Centers, the Society of Industrial Realtors, and many more. Senator Dole would not be required to speak; however, many of his constituents and leading owners and developers of commercial real estate will be in attendance.

Secondly, I would like to extend an invitation to Senator Dole to be a speaker at our annual public affairs seminar. This year's meeting will be held at the Crystal Gateway Marriott in Crystal City from May 4-6, 1986. I would like to determine if the Senator would be able to

Mark Hoeing 979.3400

2/19 - Copy to Kirk
2/19 Interim lts.

speak to our group of real estate developers either at the Welcome Dinner, May 4th at 7:00 p.m., at the opening breakfast on May 5th at 8:00 a.m., or at the breakfast on May 6th at 8:30 a.m. We would, of course, offer a $2,000 honorarium to Senator Dole if he would agree to speak to our group. The seminar will be called "Public Policy Forum: The Effect of Tax Reform on Real Estate Development." We would like to propose that Senator Dole speak to us about the likelihood of tax reform passage and the effect he predicts on the real estate development industry.

Ms. Meyer, I am enclosing a copy of the program for "NAIOP Impact 86," the invitation to the dinner on March 12th which also includes a description of the evening's activities. The seminar agenda for May's "Public Policy Forum," of course, is not ready since I am just in the process of putting the program together. Also enclosed is a general information brochure about the National Association of Industrial and Office Parks for your review.

I am eager to hear from you about the possibility that Senator Dole will accept these two invitations. I believe it is an excellent chance for him to meet with the leaders of all commercial real estate in the United States. I look forward to hearing from you and I know that Tom Congleton would want me to pass on best wishes to you and the rest of the Senator's staff.

Sincerely,

Mark W. Hoewing

Mark W. Hoewing
Director of Public Affairs

Enclosures

cc: Tom G. Congleton
Marcie W. Adler

Jones & Company

REALTORS® AND MORTGAGE BANKERS

9401 Indian Creek Parkway
Overland Park, Kansas 66210
(913) 451-5711

February 7, 1986

Senator Robert Dole
Suite SH-141
Hart Senate Office Building
Washington, DC 20501

Dear Bob:

It is at my suggestion the National Association of Industrial and Office Parks is inviting you to attend our upcoming public affairs seminar May 4 to 6 to update our members of the status of tax reform as it will affect the real estate development industry.

The conference will be held at the Marriott Crystal Gateway from Sunday, May 4 to Tuesday, May 6.

Mark Hoewing, the NAIOP vice president for public affairs, is sending full details to Betty Meyers.

It will be an important conference for our members and I am hopeful you can be there.

Sincerely,

Tom

Tom G. Congleton
Chairman of the Board

TGC:jbu

cc: Mark Hoewing
Marcie W. Adler

Speak

May 4
Sun.

Jones & Company

REALTORS® AND MORTGAGE BANKERS

9401 Indian Creek Parkway
Overland Park, Kansas 66210
(913) 451-5711

Joyce

April 15, 1986

The Honorable Robert J. Dole
United States Senate
141 Hart Senate Office Building
Washington, D.C. 20510

Dear Bob:

I am most grateful to you for agreeing to be the keynote speaker on Sunday, May 4, 1986 at the annual Public Policy Forum of the National Association of Industrial and Office Parks. As you know, I am the immediate past president of NAIOP, and consider it an honor to have you participate in this most important legislative conference in Washington, D.C.

As you know, NAIOP regularaly works with the National Realty Committee and other national real estate organizations in an effort to formulate common positions on legislation affecting our industry. In that connection, I understand that a proposal was presented to you and your staff on Monday, April 14 concerning proposed modifications to the legislative proposal pending before the Finance Committee.

I want you to know that I believe that these proposed amendments to the investment interest limits, the minimum tax and the at-risk rules represent constructive changes that are consistent with the goals of tax reform without plunging professional development into a recession and forcing a restructuring of our industry.

I am particularly supportive of the proposed modification of the definition of net investment income to conform with our industry's definition of net operating income, and with the proposal to assure that general partners would not be subject to investment interest limits or to the passive loss limits that would be added to the alternative minimum tax.

I hope that you will be able to support this proposal and that other members of the Committee will join you in that effort. NAIOP is prepared to work closely with you on this proposed amendment and to help develop support for its contents among members of the Finance Committee.

Finally, I regret that I am unable to be present in Washington May 4 due to a long-standing commitment to be in Italy with my wife where we are driving her 1956 Maserati in a historic road race known as the Mille Miglia. It should be more fun that you are having in attempts to complete the tax reform package.

Sincerely,

Tom

Tom G. Congleton
Chairman of the Board

TGC:jbu

BOB DOLE
KANSAS

United States Senate
OFFICE OF THE MAJORITY LEADER
WASHINGTON, DC 20510

May 2, 1986

TO: Senator Dole

FROM: George Pieler

SUBJECT: Talk to National Association of Industrial and Office Parks
May 4, 1986--J.W. Marriott

The group is mainly interested in your 'big picture' prognosis on tax reform: will it happen in the Senate, and when; what will happen in conference; what will the pertinent effective dates be; etc.

Since this is a real estate group, obviously there will be concern about the developing "Packwood 4" plan as it may affect real estate development (specifically, limits on passive losses and the proposal to limit deductions for investment interest to the amount of investment income).

Attached are Rich's latest memo on the status of Finance deliberations, talking points on the Senate-passed budget, and talking points on the deficit.

Attachments

May 2, 1986

BUDGET TALKING POINTS

o At one o'clock in the morning on May 2, the Senate fulfilled its obligation under Gramm-Rudman-Hollings and approved a spending blueprint for fiscal 1987 that meets the $144 billion deficit target.

o The onus is now on the House. Several weeks ago, Speaker O'Neill said the House would produce a budget resolution 72 hours after the Senate completed action. If the House is smart, it could save a lot of time and energy by approving a budget just like ours. Then both the House and Senate could push ahead with business -- pass our fiscal 1987 appropriations bills, adopt the reconciliation savings, and perhaps even clear tax reform.

o After all, ours was a bipartisan effort. 38 Republicans and 28 Democrats voted for the revamped Domenici-Chiles budget.

o And the budget we approved is an honest, straightforward attempt to deal with economic realities -- not by making defense a whipping boy and not by tax overkill.

o The Senate faced up to the commitment it made to deficit reduction when it passed Gramm-Rudman-Hollings. We did not turn our back on the budget process, we were not willing to roll the dice and hope that the Gods will save us from sequester. Now, it's up to the House to be responsible as well.

o This budget, though far from perfect, addressed some of the basic concerns I, and a number of senators had with the Senate Budget Committee's resolution.

o First, the revenue increase is substantially lower than the Senate Budget Committee's plan. Over three years revenues would be increased $45 billion, rather than the $74.3 billion in the SBC budget.

o Second, we added reasonable, but essential funds for defense. For fiscal 1987, defense spending authority would be $301 billion -- $6 billion more than the SBC's resolution.

o Finally, we were able to accomplish these changes because we went back and made substantial reductions in non-defense spending. In 1987 alone, we saved an additional $8.7 billion in these programs -- and over the next three years, these program reforms will yield $25 billion in savings.

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.

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 <u>if</u> 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 <u>without</u> 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.

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WASHINGTON, DC 20510

May 2, 1986

M E M O R A N D U M

TO: SENATOR DOLE

FROM: RICH BELAS

SUBJECT: PACKWOOD TAX REFORM PACKAGE

This morning, Senator Packwood made the following changes:

1. Raised the maximum individual rate to 27 percent;

2. Retained IRA's for individuals not covered by an employer-sponsored plan. The maximum contribution would remain at \$2,000, not \$1,500 as under pre-1981 law;

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5. Limited indexed items by rounding down to the nearest \$50.

Senator Bentsen is now not supporting the package. He has been concerned about retroactively imposing the passive loss limitations.

Major Concerns

1. The real estate, oil and gas, and cattle industries are all in violent opposition. Phase-in of the passive loss rules would cost about half the revenue from the provision (approximately \$25 billion) and would be very difficult to make up from other sources.

You will need to bring up a special rule for the Meyerhoffs if you want to do it since limited partnership interests are per se passive under the Packwood proposal.

Also the support from the TRAC group will be severely limited by Senator Packwood's rules on installment sales and capitalization of inventory.

2. Another major cause for concern is what the President's position will be. The President will be subjected to the same intense lobbying from the tax shelter community and individual investors as the members are.

   The President also proposed reducing the tax rate on long term capital gains from 20 percent to 17.5 percent. The package would instead, raise the rate to 27 percent and provide no differential between capital gain and ordinary income, which is something that venture capitalists view as important.

   Finally, the President will undoubtedly receive much adverse comments from conservative groups about the limitation of IRA's. They will call it anti-savings and will point out that he proposed an additional $2,000 spousal IRA as part of his plan.

That is not to say that the Packwood plan should not be attractive. However, it will be important to have the President's public support since he initiated the whole tax reform issue.

News from Senator

BOB DOLE

(R - Kansas) SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE
FRIDAY, MAY 2, 1986

CONTACT: WALT RIKER, DALE TATE
(202) 224-3135

DOLE URGES HOUSE TO MEET BUDGET CHALLENGE

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"Twelve days ago, the House leadership issued a stern budget challenge: in no uncertain terms, they told us there would be no progress on their side until the Senate passed a budget. Well, we produced. Now it's up to the House to match its rhetoric with action," Dole said.

"In overwhelming, bi-partisan numbers, the Senate agreed on a responsible and balance budget package. We didn't take the easy way out either. The Senate didn't make defense a sacrificial lamb, nor did it cave-in to the clamor for a massive tax hike. Plus, we met the deficit reduction targets of Gramm-Rudman-Hollings. Let's hope the House can do the same -- the sooner the better," Dole concluded.

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-30-

THE PACKWOOD TAX REFORM PROPOSAL

- o There is a chance the Finance Committee will report out a true tax reform bill on Monday.
- o The problem with the tax reform process has been that, by the time everybody tinkers with a proposal, it stops looking like reform and just looks like someone has stirred the pot around a little.
- o Senator Packwood has tried to put together a proposal that meets the goals of the President--a fairer system that lowers tax rates for both individuals and corporations and reduces tax liabilities for individuals of all incomes.
- o The proposal is intended to take about 6 million of the working poor off the tax rolls.
- o It will limit tax shelters dramatically, but individuals who don't take advantage of shelters will be much better off because rates will be lowered substantially. The proposal contains only two rates: 15 and 27 percent.

Other features of the Plan are:

1. Itemized deductions for home home mortgage interest, State and local income and personal property taxes, charitable contributions, and casualty losses will be retained as is. The floor for the medical expense deduction will be raised from 5 percent to 10 percent.
2. The special capital gains rate for individuals would be repealed.
3. Only individuals not covered by a pension plan would be allowed to continue to use IRA's. The maximum annual contribution will remain $2,000.
4. Losses from passive investments will not be able to offset salary or other income.

   However if you have rental property which you actively manage you will be able to deduct up to $25,000 of losses from the business against other income.
5. The corporate tax rate will be reduced to 33 percent and the investment tax credit will be repealed to pay for it.

- o The tax cut for individuals will be about $95 billion in the aggregate over 5 years.

- Senator Packwood believes the Finance Committee will be able to raise this revenue from the corporate sector without raising any excise taxes. However, at the same time, Senator Packwood intends to meet the President's request to improve the capital cost recovery provisions compared with the House bill.

- All in all, Senator Packwood's plan is a straightforward tax reform proposal that should respond to the President's goals.

  If we can work out the remaining question, we may be able to send the President a tax reform bill both he and the American people can wholeheartedly endorse.