Collection: Valis, Wayne: Files
Folder Title: 1981 Tax Package Support – American Retail Federation
Box: OA 17726

TAX

TO:

FROM: WAYNE H. VALIS

For your information

For our conversation

Other

Misc material on Pres
material

Econ. & TAX package
Economic

Wayne Valis

FG006-01

FI010-02

BE004

7/16

memo from
LOYD HACKLER
President

Ernie,

A sampling of our continuous information flow supporting, and urging state and national associations and corporate members to support the President's tax program. In addition I have personally contacted state execs who have Demo Ways & Means members.

Loyd

AMERICAN RETAIL FEDERATION

1616 H STREET N.W. / WASHINGTON, D.C. 20006 / 783-7971

cc to: Wayne Valis

american retail federation
1616 H Street, N.W.
Washington, D.C. 20006

DATE: July 15, 1981

SUBJECT: Summary of Efforts on the President's Tax Proposal

Accelerated depreciation has been a subject of detailed discussion at every monthly ARF Government Affairs meeting for the past two years. See attached July Government Affairs Book, page 4.

Every state association and ARF member has received our monthly Issue Update on the subject.

In an education effort, state executives and their membership reported directly to us their contacts with members of the House Ways and Means Committee and the Senate Finance Committee supporting business tax cuts. Other state executives contacted their Congressmen who were not on either committee. The majority of associations ran large stories in their newsletters in response to our request.

From June 1980 through July 16, 1981, I have given 25 speeches at 25 state and regional retail association meetings to audiences totalling hundreds if not thousands of retailers explaining the issue and asking for their grass roots communication and support of the President's tax bill.

Accelerated Cost Recovery was one of the main topics discussed at the ARF State meeting in Cincinnati, June 23. At that time each state executive was contacted personally about grassroots support of the President's proposal.

State Association Executives have been telephone during July urging support of the Administration's tax bill. At this time the specifics were generally discussed so that contacts could be more detailed.

The Federation Report, retailings weekly newsletter has urged constant support of the Administration.

p. 4

FEDERATION

ISSUES - AGENDA

JULY - 1981

GOVERNMENT AFFAIRS COMMITTEE

July 9, 1981
10:00 a.m.
ARF Conference Room
1616 H Street, N.W.
Washington, D.C.

AGENDA

FEDERAL PREEMPTION

Nature of the Issue	Congressman John LaFalce (D-NY) has introduced into the House a straight preemption bill. This proposal has no cap on rate ceilings and would preempt consumer credit rate ceilings. The House bill contains a three-year state override as well as provisions for the Federal Reserve Board to write rules and regulations. Senator Lugar (R-Indiana) has introduced a similar bill in the Senate. The Senate bill differs from the House bill in that there is a provision that if a state opts out of the federal law, the no-ceiling provision remains in effect for 18 months.
Status	Congressman LaFalce has introduced his bill this Congress after his bill last Congress did did not have a corresponding bill in the Senate. However, Senator Garn (R-Utah), the Chairman of the Senate Banking Committee, is holding hearings on the Lugar bill on July 9 and 15. ARF has been asked to testify but due to a lack of clear cut agreements will submit a statement. A statement was previously given on this when Maurice Proudfoot, President of John Wanamaker, testified on behalf of retailing at the Senate Banking oversight hearings on May 18, 1981.
Federation Position	The Federation is following the issue closely but has not taken a position to date.
Recommended Action	General Discussion.

ACCELERATED COST RECOVERY

Nature of the Issue

The Administration's proposal which was accepted by the Republican controlled Senate Finance Committee on June 25 provides for 15 year depreciation with a 200% double declining balance for structures. The 1981 effective date would be available for both new and used buildings and would be based on the placed-in-service rule. The Administration's bill also included a rate reduction in unearned income taxes from 70% to 50% as well as a 25% individual tax cut to be taken over three years. The Finance Committee bill has expanded IRAs and also addresses estate taxes.

The House Democrats in control of the Ways and Means Committee rejected the Reagan approach to business taxes in favor of a different type of tax cut. The House proposal would reduce corporate income tax to 34% from 46% by 1987, with cuts of 3 percentage points a year starting in 1984.

The Democrat's plan, adopted on June 17, also calls for business to be permitted to take a full write-off of up to $25,000 for investments in equipment and vehicles in the year that the investment is made. This expensing is not in the President's package. The President's package calls for such write-offs to be taken over longer periods, ranging from three years to 15 years.

Status

The House Ways and Means Committee continues in mark-up. The Senate Finance Committee has adopted the Administration's proposal and the bill could be on the Senate floor soon after the July 4 recess.

Federation Position

The Federation supports the President's proposal, especially the depreciation proposal of 15 years, 200% declining balance.

Recommended Action

General discussion.

U.S. TEXTILE POLICY

Nature of the Issue

The U.S. Textile Policy is administered under the authority of the Agriculture Act of 1956 (7 U.S.C. 1854) and Executive Order 11651. Under this authority, the United States has become a party to an international agreement called the Multifiber Arrangement (MFA). This agreement became effective on January 1, 1974. In 1978, a ptotocol was adopted extending the MFA until December 31, 1981, with renewal to occur every four years. Nations participating in the MFA enter into bilateral agreements with other nations based upon the principles set forth in the MFA. Included in those principles is a provision allowing for a six percent level of growth in import quotas.

The textile industry recently sent a booklet to Reagan Administration officials calling for the following amendments to the MFA: provisions to implement global quotas and a multi-country approach under which groups of countries would be assigned quotas for particular products; apparel growth rates consistent with the domestic market; higher growth rates for "truly developing countries", than for South Korea, Taiwan, and Hong Kong; elimination of flexilibity provisions in some categories and drastic reductions in others; and provisions to limit sudden and disruptive import surges.

Status

The Wholesale-Retail ISAC met on April 8, 1981. The EEC Council of Ministers has a draft negotiating position on the MFA under consideration. The next meeting of the GATT Committee on Textiles is scheduled for May 6, 1981.

Federation Position

In addition to asking for high level overall review of U.S. textile and apparel trade policy, the Federation urges that the U.S. adopt the following principles for its MFA policy:

1. The United States should pledge strict adherence to the terms of the MFA and there should be no departure from those terms either in bilateral agreements or U.S. implementation.

2. The United States should adopt the MFA six percent minimal growth standard with no exceptions in its bilateral agreements.

3. U.S. negotiators should not accept or require any new restraints, such as Article 3 actions and call mechanisms, without cabinet level or Trade Policy Committee approval.

4. The set levels of flexibility in swing (7%), carry forward (5%), and carry back (10%), provided for in the MFA should be contined as mandatory.

5. The U.S. should not establish any global quotas or multicountry approaches in any renewal of the MFA. Such global quotas are discriminatory against the trading nations, against U.S. retailers and industry and against the American consumer.

6. The Textile Surveillance Board (TSB) should be improved and strengthened so as to be more effective and impartial in analyses of particular problems brought before it.

7. There should be specific recognition that the MFA is a temporary international agreement and any renewed or renegotiated arrangement should specify the terms of the length of the agreement as well as the methodology for eventually terminating its existence, not later than ten years.

8. There should be a move toward liberalization of product coverage, such as exclusion of textile fibers and fabrics.

9. The text of the agreement should not be superseded by a protocol or preamble which allows for "reasonable departures" or any other escape mechanism that would allow participating signatory nations to escape from the purposes and standards established by the MFA.

Recommended Action

Discussion of strategy.

Nature of the Issue and Status

On February 19, 1981 the U.S. Postal Rate Commission made its findings and recommendations on the rate case filed by the U.S. Postal Service one year before. On March 22 the USPS put temporary rates into effect and referred the proceedings back to the Postal Rate Commission for reinvestigation.

The Commission issued a reaffirmation of its prior findings and recommendations. The Board of Governors of the USPS on June 22 unanimously rejected the Commission's recommendations and asked the Commission to reconsider. This process places the proceedings in a new light.

By rejecting the Commission's recommendations and asking for a decision, if the Commission resubmits the same decision the Board of Governors can approve higher rate increases by a unanimous vote. There is no time limit under which the Commission must respond to the rejection and the Board of Governors said that it would transmit the rejection to the Postal Rate Commission shortly after the first of July. If new rates are not announced and the Board's reconsideration is rejected again, the USPS is left with two options: (1) institute higher rates on its own, which will undoubtedly be challenged in the courts, or (2) institute a new rate proceedings.

At the same time, there is action in Congress to change the ratemaking procedures. A number of bills have been introduced which would abolish the Postal Rate Commission or make it more independent. One bill, H.R. 3852, introduced by Representative Edward Derwinski (R-Illinois) has been receiving some attention. That bill would abolish the Postal Rate Commission and provide authority to the Board of Governors to set rates. It would establish a panel of three administrative law judges within the USPS.

Federation Position

The Federation has been a full intervenor in each of the rate proceedings before the Postal Rate Commission and has supported in each the concept of a presort discount for first class mail sorted to the three and five digit requirements. In the current proceedings the Federation established a cost avoidance savings to the USPS of 5.4 cents on first class letters within the context of the 20 cent stamp recommended by the USPS. The recommended three cent discount for presorted mail from an 18 cent first class rate results in the same presorted rate of 15 cents as the full cost avoidance would have reduced a 20 cent rate. The Federation supports an independent Postal Rate Commission.

Recommended Action

Discussion of proceedings.

Nature and Status of the Issue

At the June meeting of the Government Affairs Committee it was agreed that the Minimum Wage Study Commission minority report of S. Warne Robinson should "be publicized and circulated to Members of Congress. It was further agreed that funds required for this project be solicited from retailers."

Federation Position

An ad hoc group, consisting of Morrison Cain, AGMC, Victor Morris, Montgomery Ward & Company, Carroll Kilpatrick and Donald White, ARF, met on June 19 to consider candidates for the assignment of writing an article(s) underscoring the minority report, and be prepared to testify when, and if, necessary. It was agreed that Professor Simon Rottenberg, currently of the American Enterprise Institute (on leave from the Department of Economics, University of Massachusetts), be approached on this project. The meeting was held with Professor Rottenberg, after which, at the request of the group, he submitted his proposal to write a relatively short article for a popular newspaper/magazine; submit a detailed treatise for publication by one of the "scholarly" journals; and testify on request for the industry. The group unanimously agreed to go forward and solicit funds from ARF members for this project; then enter an agreement with Professor Rottenberg.

On June 26 letters were sent to key stores, with a deadline of July 17.

Recommended Action

General discussion.

Nature of the Issue

A Cabinet Level Task Force on Regulatory Relief headed by Vice President Bush has been established. That task force has asked for comments from a wide spectrum of industry, public, and business groups on which regulations are particularly burdensome and should be either rewritten or repealed. The comments of those groups have been circulated to each of the agencies which have regulatory responsibility. Both the Office of Management and Budget and those agencies have been asking for clarifying information from submitting groups.

The Federation filed a series of regulatory reform measures in response to this and prior requests. They include:

1. Federal Trade Commission--Door-to-Door Sales Rule;
2. Food and Drug Administration--Prescription Drug Patient Package Inserts;
3. Environmental Protection Agency--Hazardous Waste Management;
4. Federal Trade Commission--Labeling Requirements for feather and down products;
5. Internal Revenue Service--Dollar-value Inventory LIFO Inventory;
6. United States Postal Service--Private Express Statutes;
7. Federal Trade Commission--Product Warranty Regulations;
8. A number of provisions in the Internal Revenue Code;
9. Federal Unemployment Tax Form 940;
10. ERISA Form 5500 and Summary Plan Description;
11. IRS Quarterly Tax Reporting Form 941;
12. Earned Income Tax Credit;
13. SEC Quarterly Financial Reporting;
14. The Employment Utilization Report; and
15. The EEOC Proposed Recordkeeping Regulations.

Status

The Cabinet Level Task Force on Regulatory Relief is in the process of analyzing agency comments on the regulations which have been cited by the participating groups.

Federation Position

The Federation has a long-standing opposition to burdensome regulations and has filed, in the past 4 years, a number of papers outlining specific regulations which are particularly troublesome.

Recommended Action

General discussion of strategy on how to support the Presidential initiatives to reduce, amend, or eliminate burdensome regulations.

DEDUCTIBILITY OF EMPLOYEE CONTRIBUTIONS

Nature and Status of the Issue

The pending tax bill would increase the maximum deduction for an individual's contribution to his IRA from $1,500 per year to $2,000. It would also allow participants in qualified plans to set up their own IRAs and take a $1,000 deduction for the contributions they make to the IRA. Most retailers have pension plans. Some are non-contributory; others have variations on a profit-sharing fund/thrift plans, which essentially involve voluntary employee contributions. In many instances the amount contributed by the company will vary according to the plan. They believe that their plans, whether profit-sharing or straight pension plans which involve voluntary employee contributions, are superior to the combination of a diluted company plan, and an IRA under the proposed legislation. Furthermore, they maintain that IRAs are designed for individuals who either do not have any employer plan, or at least a good employer plan.

This provision is in the Administration's tax package submitted to the Congress. It is in the Senate bill approved by the Finance Committee and House bill now before the Ways and Means Committee.

Federation Position

The Federation has taken no position on this issue.

Recommended Action

Discussion of a retail position and strategy.

NATIONAL LABOR POLICY

Nature of the Issue	A number of studies are now being prepared on national labor policies. These are being developed by non-partisan universities and centers for governmental study in the hopes to refine and develop a labor policy for the 80's which will provide the U.S. with new competitiveness in the present world economy. The studies are not initiated for either management or labor, but to develop the type of economic-labor analysis that would be the basis for hearings in 1982.
Status	There is a plan to develop a nonprofit committee through which financing of the studies could be accomplished after which a conference could be held where labor, management, and public officials could confer on the conclusions and recommendations of the studies.
Federation Position	The Federation has developed no position on this issue.
Recommended Action	Discussion of retailing's participation in the development of a new national labor policy.

On June 11, 1981, the American Retail Federation's Government Affairs Committee met in Washington, D.C. to recommend appropriate action on matters affecting retailing, with the following participants: ***Eugene Rowan, presiding; Randolf Aires, Sears; Jared Blum, DSA; Edward Borda, AGMC; William Kay Daines, ARF; Susan G. Flack, ARF; Verrick O. French, NRMA; James Goldberg, NSRA; Thomas Grace, Montgomery Ward; Lois Gruhin, SCOA; Loyd Hackler, ARF; Peter Hiebert, NMRI; Harry Horrocks, National Lumber Dealers; Ty Kelley, NACDS; Brian Kelly, Sears; Carroll Kilpatrick, ARF; Edward King, Walgreen Company; Sheldon London, Jewelers of America; Peter Mangione, VFRA; Joanne Mattiace, Sears; Victor Morris, Montgomery Ward; Gerald Nagy, NHFA; Hardy Nathan, FMI; Pat Patterson, Menswear Retailers; James Ritch, Sears; Robert Reilly, Cole National; Frank Rozak, Cole National; Duane Scribner, Dayton Hudson; Kevin Shein, NMRI; Carl Shipley, Federated; Jean Head Sisco, Carter Hawley Hale; A. Robert Stevenson, K mart; Bonnie Wan, Montgomery Ward; Donald F. White, ARF; James Whitman, NACDS; Douglas Wiegand, Menswear Retailers; Jerry Wilkerson, IFA; and Lee Williams, ARF.*** A breakfast was held before the Committee meeting with Acting FTC Chairman David A. Clanton as the guest speaker. Some of the major issues discussed at the regular monthly meeting, and the Committee's action thereon, were as follows:

Footwear Escape Clause Proceedings . . . There was a discussion of the pending decision by the Administration on the termination of the Orderly Marketing Agreements with Korea, Hong Kong, and Taiwan. The Administration's Trade Policy Committee was scheduled to meet the same day as the Government Affairs Committee. There is strong sentiment in the Administration for not renewing the Orderly Marketing Agreements with Korea and Taiwan.

U.S. Textile Policy . . . There was a discussion of the status of the "called" categories of Chinese apparel imports. The renegotiation of the Multifiber Arrangement and the use of the Textile Policy Committee to formulate U.S. policy was discussed. It was suggested that a strong public relations program be put together to articulate the consumer-retailer point of view.

Bankruptcy Reform . . . A report was made on the inter-industry group seeking amendments to the bankruptcy law. A package of amendments has been developed by the coalition, but no bill has been introduced. It was suggested that a grassroots lobbying effort is necessary to educate House and Senate members as to the impact of increased bankruptcies on retailing.

Accelerated Cost Recovery . . . The status of accelerated depreciation and the Administration's tax package was discussed. Markup is now being held in the House Ways and Means Committee, and the Senate Finance Committee has also met on the bill. It was recommended that ARF continue to contact key Senators and Representatives to urge ten year depreciation on structures.

Retirement Plans . . . The Administration's tax package contains a change in the current law on Individual Retirement Accounts (IRAs). The Administration would increase the current limit to $2,000 deductible contribution and allow employees participating in employer-sponsored plans to now contribute up to $1,000. It was pointed out that this could cause problems if employees opted out of employer plans.

Minimum Wage Study Commission . . . The Commission's final report was discussed. A recommendation was adopted that S. Warne Robinson's outstanding minority report be publicized and circulated to members of Congress. It was agreed further that funds required for this project be solicited from retailers.

LIFO Small Business Proposal . . . Since ARF commented in writing, the IRS has announced a hearing on its proposed LIFO rule granting relief for small stores for June 30. James Goldberg will be the Federation's witness. He will testify on behalf of the proposal.

Fringe Benefits . . . The expiration of the moratorium on the taxation of fringe benefits was May 31. Various bills have been introduced extending the moratorium and declaring fringe benefits non-taxable. However, no Congressional action is expected while the tax bill is pending. The Administration has announced that it considers this a matter that should be handled administratively.

Urban Affairs . . . The urban affairs programs of the Reagan Administration were discussed. The ARF Board of Directors requested that these issues be covered by ARF. An Urban Affairs Task Force, chaired by Benjamin Frank of Allied Stores, has been formed to study this issue. The Task Force is developing a timetable and critical issues which the Government Affairs Committee should consider.

Consumer Product Safety Commission . . . The Administration is backing a proposal to move the Commission into the Commerce Department. In response, the House Subcommittee on Health, chaired by Rep. Henry Waxman (D-Calif.), has not moved the CPSC reauthorization bill.

AMERICAN RETAIL FEDERATION

LEGISLATIVE ISSUE STATUS

July 1981

ISSUE	BILL NO.	CMTE REFERRAL	SUBCOMMITTEE ACTION	COMMITTEE ACTION	LDRSHP & FLR ACTION	CONF/PRES.
Independent Contractor	*S.8*	*Finance*				
Accelerated Cost Recovery	*S.287;683;321* HR.1053;2400	*Finance* Ways and Means	Hearings in Feb., March; ARF testified 4/1			
Fair Credit Reporting (Privacy Provisions)	HR.1045	Banking				
Social Security	HR.1018;3207	Ways and Means	HR.1018 pending; HR. 3207 in markup.			
Truth-in-Lending (Cash Discounts)	HR.3132	*Banking* Banking	*Hearings held on original bill, S.414* Hearings held on original bill. HR.31	*Reported HR.31 w/Senate language 2/27* HR. 31 reported 2/24	*HR.3132 pending on calendar* HR.3132 passed 5/4; 296-43	*Conferees named* 4/8
Federal Preemption	*S.963, 1406* HR.2501	*Banking* Banking	*Hearings scheduled for July 9 and 15*			
Truth-in-Lending (Credit Transactions)	HR.251	Banking				
Bankruptcy Reform	*S.863; 992*	*Judiciary*	*Hearings in April; ARF testified 4/3*			
Energy Tax Credits	*S.475; 750* HR.1378; 2640	*Finance* Ways and Means				
Youth Submin. Wage	*S.348* HR.157;2001	*Labor & Human Res.* Education & Labor	*Hearings held in March* Hearings TBA			
Handicapped Discrim.	HR.1919	Education & Labor				
Sex Discrimination		*Labor*	*Hearings held 4/21*			
Workmens Comp.		Govt. Operations	Hearings held 4/28-29			
National Health Ins.	HR.16	Energy & Commerce				
Catastrophic Health Ins.	*S.139*	*Finance*				
Repeal of OSHA	HR.282;599;978	Education & Labor				
Criminal Code Reform		Judiciary	Hearings held 3/25; 4/7; 5/12-13, 21			
ERISA Disclosure Requirements	HR. 732	Education and Labor				
Fringe Benefits	*S. 1175; 1229* HR. 3871	*Finance* Ways and Means				

Senate action in italics

AMERICAN RETAIL FEDERATION

LEGISLATIVE ISSUE STATUS

July 1981

ISSUE	BILL NO.	CMTE REFERRAL	SUBCOMMITTEE ACTION	COMMITTEE ACTION	LDRSHP & FLR ACTION	CONF/PRES.
$750,000 FLSA Dollar Volume Test	HR.398	Education & Labor				
Plant Closing	HR.565	Ed&Labor; Banking				
OSHA Nonhazardous Business Exemption	HR.280	Education & Labor				
Regulatory Reform	*S.1080, 1224* HR. 746	*Judiciary;Govt. Affairs* Judiciary	*S.1080 to be marked up in July* Markup to continue into July			
Repricing Merchandise	HR.720	Energy & Commerce				
Vol. Trade Restraint Negotiating Authority	*SJRes. 5*	*Finance*				
Japanese Auto Quotas	*S.396* HR.1823; 1999	*Finance* Ways and Means	*Markup cancelled*			
Cargo Security	HR.19	Public Works & Trans.				
Postal Reorganization	several bills	Post Ofc. & Civil Svc.				
Postal Rate Setting Procedures	HR.342	Post Ofc. & Civil Svc.				
Private Express	HR.601	Post Ofc. & Civil Svc.				
Nine Digit ZIP Code	*S.539* HR.1929	*Governmental Affairs* Post Ofc.; Govt. Opr.	*Hearings held; markup held 5/21* Hearings held in March and May			
Agency Economic Impact Requirements	HR.289	Govt. Operations				
Export Trading Cos.	*S.734* HR.1799; 1648	*Banking* ref. to 4 cmtes.	*Hearings held in February and March* Hearings held 5/20	*Reported 3/18; Rpt. No. 97-27*	*Passed 4/8; 93-0; ref. to H.R.*	
Drug Pricing	HR. 909	Energy & Commerce				
Drug Labeling	HR. 912	Energy & Commerce				
Anti-polygraph	HR.3108; 3194	Judiciary				
Dept. of Trade	*S.970*	*Governmental Affairs*	*Hearings held 6/4*			

Senate action in italics

AMERICAN RETAIL FEDERATION

REGULATORY ISSUE STATUS

July 1981

ISSUE	DEPT/AGENCY	REFERENCE	ADMINISTRATIVE PROCEEDINGS	ADMINISTRATIVE DETERMINATIONS	EFF. DATE
Multifiber Arrangement	US Trade Rep.	Exec. Order 11651 3/3/72	December 1978 protocol extended MFA to 12/31/81 GATT Textile committee meeting 5/6/81		
Nonrubber Footwear Orderly Mkgt. Agreements	USITC-USTR	Petition 10/23/80	Pre-hearing briefs 2/12/81; Hearings 3/2/81	USITC decision sent to President 4/24/81	
Customs Ornamentation	US Customs Svc.	FR 8/14/80	ISAC-17 (Wholesale-Retail) filed objections 10/15/80 ***Ferriswheel v. United States*** decided 3/12/81		
Postal Rate Proceedings	Postal Rate Com.	4/21/80; R80-1	Full adminstrative hearings and proceedings May 80 - Jan. 81	Postal Rate Commission decision 2/19/81; USPS review pending	3/15/81
Postal Classification Study	Postal Rate Com.	MC73-5	Flow study & cost study essentially completed on 1979 data		
Attached Mail	Postal Rate Com.	MC81-2 2/5/81	Postal Rate Commission Order 2/5/81 ARF-limited intervenor 3/12/81; comments filed 4/3/81		
Nine digit ZIP Code	US Postal Service	FR 11/28/80	USPS incentives by March; implementation in June 1981 USPS proposed subclassifications 4/24/81;Docket No.MC81-3		
Hazardous Waste Mgt.	EPA	FR 2/26/80	Small generator challenge 10/15/80; state plans certif. on-going	Phase I certification for numerous states	11/19/80
Hazardous Waste Mgt. Households Goods Exemp.	EPA	ARF petition filed 12/1/80	ARF met with EPA officials; petition pending		
Drivers' Logs-10hr. exemp.	Transportation	FR 12/15/80	Request for comments by 4/14/81		
Asbestos Reporting	EPA	FR 1/26/81	Rule proposed; ARF filed comments 4/10/81		
White Collar Salary Tests	Labor	FR 4/478	Wage and Hour Division hearings, May 1978	Final rule 1/9/81;effective 2/13/81;White House freeze 1/29/81 4/6/81 comment deadline extended to 4/27/81	
EEOC Comparable Worth	EEOC	FR 11/2/79	Hearings held April 28 & 29, 1980		

AMERICAN RETAIL FEDERATION

REGULATORY ISSUE STATUS

July 1981

ISSUE	DEPT/AGENCY	REFERENCE	ADMINISTRATIVE PROCEEDINGS	ADMINISTRATIVE DETERMINATIONS	EFF. DATE
LIFO Small Business	IRS-Treasury	FR 1/16/81	ARF testified at hearings on June 30, 1981		
OSHA Noise Standards	OSHA-Labor	FR 10/24/74	Hearings held July 1975	Final rule issued 1/16/81; postponed to 8/1/81	
Eyeglasses II	FTC	FR 12/2/80	Comment period ended 2/2/81		
Availability of Advertised Specials	FTC	FR 9/10/80	Comment period ended 10/30/80		
Grassroots Lobbying	IRS-Treasury	FR 11/25/80	Comment period closed		
Credit Practices	FTC	FR 4/11/75	TRR proposed by staff; Commission review pending		
Regulation Z Truth-in-Lending	Fed. Reserve Bd.	FR 12/5/80	FR 5/27/81 Proposed Official Staff Interpretation Comments to be filed by 7/10/81		
Regulation B Equal Credit Opportunity	Fed. Reserve Bd.	FR 8/26/80	Second proposed interpretation; no date for final		

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FEDERATION REPORT
AMERICAN RETAIL FEDERATION

Seibert Testifies For Retailing In Senate Tax Reform Hearings

The retail industry's support for the President's program and the need for ten-year accelerated depreciation for buildings was reiterated by Donald V. Seibert, Chairman of the Board of the J. C. Penney Company, in testimony May 21 before the Senate Finance Committee on tax legislation.

Mr. Seibert pointed out that the retail and wholesale sectors of the economy account for about 17 percent of the gross national product, and that the retail industry employs one out of every six workers. Mr. Seibert emphasized that the Administration Accelerated Cost Recovery System recognizes retailing's place in the economy and the need for quicker recovery of retailing's vast investments in buildings. He noted that the Accelerated Cost Recovery system will help retailers remain in urban areas or move into downtown shopping districts where it would not otherwise be economically feasible to do so. He also discussed the ten and fifteen year recovery periods for commercial buildings. He said that they are an attempt to satisfy, on an equitable basis, the different objectives of the real estate developers and industries such as retailing that are not in the business of real estate speculation.

Senator Symms (R-Ida.) asked Mr. Seibert if he would object to a provision for straight-line depreciation with no recapture or the option of taking accelerated depreciation with full recapture. Mr. Seibert responded that the retail industry has little interest in the real estate-related ramifications of the proposal, therefore he would not object to either option.

He went on to explain that the principal reason for the industry's concentration on the 10-year write-off side is to make new-or-renovated retail buildings that are the most technically efficient possible.

Mr. Seibert, in response to another question, discussed retailing's sales this year vs. last year and reiterated the industry's support of the Administration's economic program.

Oversight Hearings On Credit Held

The retail industry was represented before last week's Senate Banking Committee oversight hearings by Maurice W. Proudfoot, President of John Wanamaker Division, Carter Hawley Hale Stores, Inc., who appeared on behalf of ARF. He summarized the areas of concern to retailers in the credit area under both state and federal laws.

In the area of rates of finance charges, he stated that the retailing industry favors permanent removal of all ceilings, both federal and state, thus allowing natural market forces to set market rates. However, the point was made that retailers see no reason to allow states to opt out of federal rates.

Another major concern of retailing is the existing regulatory structure of the Federal Trade Commission, particularly the inordinately broad scope of Section 5 of the FTC Act, its attempt to bring the retail industry within the scope of its proposed credit practices trade regulation rules, and the matter of civil penalites where financial laws and regulations are involved.

The Truth in Lending Act was also covered. The Committee was urged to amend the Truth in Lending Act to provide that, absent a state exemption granted by the federal Reserve Board, creditors must comply only with federal Truth in Lending disclosures, with no additional or supplemental state disclosure requirements.

In addition, the Congress was urged to revise the Act to increase the effective minimum finance charge to $1.00. Finally, the Committee was asked to limit the civil penalty applicable to violations involving open-end credit disclosures so that they parallel those for closed-end credit.

Operating problems under the Equal Credit Opportunity Act Regulation B were also discussed.

It was made clear these issues are not the limit of retailing's concern.

(continued from page 2)
in part as follows: "in summary the Council urges DOL to reconsider its proposal on the ground that this DOL action is unnecessary to protect workers, that it is not required by Congress, and that it unduly contributes to inflationary pressure . . . Certainly DOL can exercise more restraint in the performance of its responsibilities under the Fair Labor Standards Act."

The deadline for submission of comments was April 27.

Bolger Testifies On Postal Rates

Although the Postal Rate Commission has yet to hand down its decision on reconsideration of the Postal Rates, Postmaster General William Bolger went to Congress last week and protested that the Postal Rate Commission was undermining the USPS' financial stability. He said that the Postal Rate Commission should grant a First-Class rate of 20 cents.

He also told Congress that he was convinced that electronic mail is inevitable and that new technology will allow people eventually to receive mail in their homes by electronic means. Bolger testified before the Senate Government Affairs Committee saying that a nine-digit ZIP code is necessary and that budget cuts will require at least a 5 percent increase in productivity. Bolger believes that the productivity partially can be achieved through the nine-digit ZIP.

DOL Wage Agency Head Named

In a move that could signal a major reorganization of the Employment Standards Administration of the Department of Labor, a deputy under secretary has been named to head the agency. For approximately a decade, ESA has been headed by an assistant secretary.

The new appointee is Robert B. Collyer, formerly with UBA, Inc., an organization representing employers in unemployment compensation and workers compensation matters. The Employment Standards Division is responsible for the Administration is responsible for the all wage and hour laws, and workers compensation.

A DOL spokesman insists that the move "does not, in any way, suggest a deemphasis or dismantling of the ESA's programs. "In the case of some Labor Department appointments, we are maintaining flexibility in case there is a need for a reorganization," he said.

Still to be filled is the post of Wage and Hour Administrator. Robert Miller, currently General Counsel of the Minimum Wage Study Commission, is rumored to be among the front-runners. Recently he addressed the regular semi-annual meeting of the Federation's Employee Relations Committee.

House, Senate Ready Tax Bills

The House Ways and Means Committee has not yet scheduled markup on the tax bill. However, markup is expected in about ten days. A bill fashioned by Chairman Dan Rostenkowski (D-Ill.) is expected to be offered any day as an alternative to the President's proposal. Various alternatives are being discussed, but the final product is not certain.

Chairman Dole of the Senate Finance Committee has scheduled hearings on the tax bill May 13, 14, 19, 20 and 21. Last year the Senate Committee reported a bill that did not include ten-year accelerated depreciation on buildings. Therefore, it is important that all Senators be contacted, urging acceptance of the President's program, especially ten-year depreciation on buildings.

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FEDERATION REPORT

AMERICAN RETAIL FEDERATION

Minority View Attacks Minimum Wage Study Commission Report

The Minimum Wage Study Commission on May 24 made its final report to Congress and the President. The Commission, established by Congress in 1977 to study the minimum wage and overtime requirements of the Fair Labor Standards Act, recommended (1) rejection of a youth differential subminimum wage; (2) "indexing" the minimum wage — adjusting it annually to reflect changes in average hourly earnings in the private business sector; (3) eliminating most minimum wage and overtime exemptions to bring more workers under the Act's protection; and (4) adopting measures to reduce the "unacceptable" level of employer noncompliance with the FLSA.

The three-year study by the Commission came to the following additional conclusions: the minimum wage has caused "a small but real improvement in the personal well-being of those near the poverty level" by raising the income of low-wage workers, but those earning the minimum are fairly evenly distributed among all income levels; a youth "subminimum" wage "has a limited potential for reducing" teenage unemployment and would have the effect of reducing the employment of adults an "unacceptable" amount although by a number that is less than the number of teenagers that would be employed.

Employees in numerous categories of business establishments have been exempted from coverage under the Act during its legislative history. The Commission voted to eliminate most but not all of the exemptions to bring more workers under the protection of the minimum wage and overtime provisions.

A detailed minority report was filed on the MWSC's findings by S. Warne Robinson, former G. C. Murphy Co. Chairman — the lone business representative on

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Compromise On Tax Bill Fails To Develop

For awhile last week it appeared that the two congressional tax writing committees — the House Ways and Means Committee and the Senate Finance Committee — were approaching a compromise with the White House on the thornier problems in the President's tax bill. In fact, at mid week Ways and Means Chairman Dan Rostenkowski (D-Ill.) indicated that he and Senate Finance Chairman Robert Dole (R-Kans.) were getting close to a compromise package they could offer the White House. A breakfast meeting with Treasury Secretary Regan was set up for May 28, to be followed later by a press briefing, ostensibly to explain the compromise areas.

However, in the meantime, following a closed meeting of the 23 House Ways and Means Democrats, Chairman Rostenkowski announced that they are worried and concerned about across-the-board personal tax cuts and that they are unwilling to endorse them "at least at this time."

Rostenkowski indicated that discussion with Ways and Means Republicans, as well as Democrats would continue; thus markup sessions most likely will be postponed until the second week in June.

Since 10-5-3, accelerated depreciation provisions of the bill were not highlighted in discussions, what will finally emerge in this provision, of great importance to retailing, has not yet been clarified.

Members of both committees should be urged to support ten-year depreciation.

Energy Programs May Be Funded By Congress

Recent events indicate that Congress may at least provide funds for some of the federal energy conservation programs originally slated for termination in President Reagan's proposed budget. Currently, funding levels for energy conservation programs in Fiscal Year 1982 may exceed $500 million, as compared to the $195 million recommended by the Administration. The compromise on

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AMERICAN RETAIL FEDERATION

Reagan Annouces Building Write-Off Changes In Tax Bill

President Reagan announced a new tax proposal and in doing so changed the depreciation on business structures to 15 years regardless of ownership, with 150 percent declining balance. The five-year phase-in originally proposed has also been dropped. According to sources, under the modified proposal the size of the tax break for business would be smaller each year than under the first scheme. This approach would be fully effective retroactive to January 1, 1981. Treasury officials said the precise schedule for year-by-year allowances for each class of property was still being worked out.

The proposal also will raise the current tax credit for rehabilitation of old and historical buildings but restrict the credit to older buildings that currently are eligible.

In the area of personal tax cuts, the President reduced his request for a three year across-the-board tax cut of 10 percent a year to a three year tax cut of 5 percent the first year and 10 percent for the next two years.

The House Ways and Means Committee recently completed hearings on Reagan's original proposal, after which efforts began to seek a compromise. After more than two weeks of negotiations with the House Democrats, Reagan rejected the Democratic House proposal of a two-year cut of 5 percent this year and 10 percent next year with the relief more heavily aimed at the middle and bottom of the income scales.

Ways and Means markup sessions are due to begin soon.

The Federation strongly backed the President's original proposal which included a provision for ten year accelerated depreciation on buildings. Prior to this Administration proposal, Rep. Barber Conable R-N.Y.) and James Jones (D-Okla.) and Sen. John Heinz (R-Pa.) introduced the original version of 10-5-3, Capital Cost Recovery in the House and Senate, respectively.

Retailing continues its strong support of the ten year depreciation provision for buildings.

EEOC Settles Four Sears Cases

In a major action the EEOC last week agreed to settle four suits against Sears, Roebuck and Co., involving hiring discrimination complaints in eight Sears stores. The only suit remaining, filed in Chicago, charges Sears with a nationwide pattern of sex discrimination in hiring and promotion. Of the four suits which were settled, two were dismissed by federal courts in Montgomery, Alabama and New York City; and a magistrate had recommended dismissal of one in Memphis. Another in Atlanta is pending.

Sears Chairman Edward R. Telling said the company is "pleased" with both the settlement and the fact that the settlement acknowledges that the "EEOC is now satisfied that Sears affirmative action program, which has been in effect since 1969, has been in compliance with the law. During that time, minority employment at Sears has increased from 8.75 percent or 24,600, to 20.8 percent or 67,850. The minor adjustment in our affirmative action program to which we have agreed will be implemented immediately," Telling said. "We look forward to resolving the issues in the one remaining case in Chicago at an early date." While refusing to dismiss the nationwide suit filed in Chicago the judge indicated that he "does not condone" the EEOC's conduct in that case.

No backpay was ordered in the settlement; Sears agreed to make minor changes in its affirmative action manual, and agreed to take into account the structure of applicant flow over a long range in setting its hiring goals.

20 Cent Stamp Turned Down

The Postal Rate Commission on June 4 reaffirmed its original decision on postal rates made in February of this year.

The Postal Rate Commission recommends that first class mail bear an 18 cent stamp rather than the 20 cent rate requested by the

(continued on page 2)

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Ways And Means Committee Hears Seibert's Testimony On Taxes

Donald V. Seibert, Chairman of the Board of the J. C. Penney Company, has once again ably represented the retailing industry before the Congress. Mr. Seibert urged the Ways and Means Committee members to adopt a comprehensive program consisting of accelerated capital cost recovery rates for business investment in depreciable property, substantial individual tax reductions, and substantial reductions in Federal expenditures. After discussing the retail industry and its place in the U. S. economy, Mr. Seibert urged the Committee to quickly make a formal decision that the new cost recovery rates will apply to investments made on or after January 1, 1981. He told the Committee that the Administration's proposal, H.R. 2400, offers advantages which are vastly superior to the outdated depreciation system of present law as well as to any of the other cost recovery systems which have been advanced as alternatives. He outlined four specific advantages of the cost recovery concept:

Donald V. Seibert

The first advantage is that it will provide a much greater decrease in the after tax cost of capital investment and a much greater increase in cash flow, and is therefore an excellent program for accomplishing increased capital investment.

The second specific advantage of H. R. 2400 is that it will result in more stimulation of capital investment, per dollar of revenue loss in the critical years of FY 1982 and FY 1983, than the suggested alternatives. That is because H. R. 2400 is phased-in, with the cost recovery rates increasing step-by-step each year through 1985.

A third specific advantage is that H. R. 2400 places specific emphasis on achieving accelerated cost recovery rates for all types of business capital investment. This emphasis is a fundamental advantage of H.R. 2400 because it enhances its efficiency as an instrument of national fiscal policy.

A fourth point is that it provides for the first time reasonable cost recovery rates for buildings.

The entire industry continues to lobby in favor of the proposal.

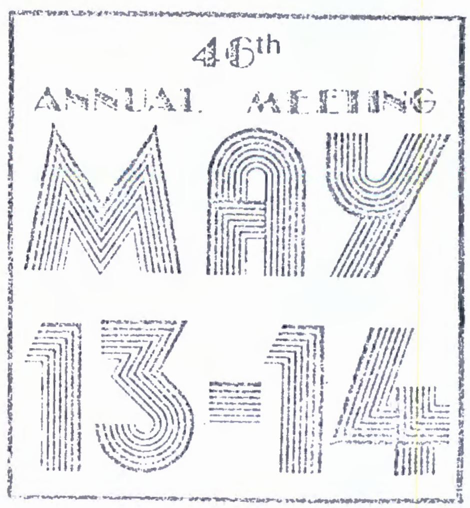
Western Retail Trade Show Planned

Tom Knox's Washington Retail Council is putting the finishing touches on a dream long held by many state retail association executives — a retail trade show. "Retail Expo" will be held June 5 - 7 at the Seattle Trade Center. Business associations and Chambers of Commerce from six states have joined Washington retailers as co-sponsors of the event.

Retailers will be able to visit exhibits featuring anti-shoplifting systems, point-of-sale computer terminals, word processing and other office systems, advertising media and sales promotion programs, computers, inventory consultant services, and much, much more.

The theme of the exposition is "The Science of Retailing" and will provide forms for exhibitors to meet hundreds of retailers from throughout the West. The event will feature over thirty seminars and workshops on retail related subjects. The show will be of equal benefit to vendors and retailers.

Information on exhibitor requirements and general details for attendees is available from William Casterline, Expo Managing Director, Seattle Trade Center, 2601 Elliott Avenue, Seattle, Washington 98121 (206) 624-7554.



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Ways & Means Chairman Says Reagan Tax Bill Must Be Changed To Pass

Chairman of the House Ways and Means Committee Daniel Rostenkowski (D-Ill.) has warned the new Republican Administration that in his view the President's tax cuts for individuals cannot win Congressional approval. The House is the only Democratic stronghold left. The Chairman is reported as not believing that there is support for the three-year, across-the-board cut in personal tax rates known as Kemp-Roth.

Treasury Secretary Donald Regan has expressed disappointment at the Chairman's announcement. The Secretary feels that these comments have set an adverse tone for the current hearings before the House Ways and Means Committees. These public hearings on the President's economic proposal will include testimony by Donald V. Seibert, Chairman of J. C. Penney Company. Mr. Seibert will present the views of retailing in support of the accelerated recovery system program, in particular, and the President's entire economic proposal in general.

Secretary Regan believes that there is widespread and vigorous support for the individual tax cut proposal. He also has reiterated the Administration's commitment to both individual and business tax cuts. Meanwhile, 20 Republican Senators, led by Senator William Roth (R-Del.), have urged President Reagan to veto any tax bill which does not include the full 10 percent rate cuts over three years.

The Federation continues to support the Administration's proposals. It is important that all Congressional members be reminded of the importance of passage of the President's proposal.

Youth Wage Hearings Held In Senate

Hearings on bills to establish a youth minimum wage differential rate, and one measure to exempt all 16 to 19 year-olds from minimum wage requirement were held March 24 and 25. In testimony before Senator Don Nickles' (R-Okla.) Labor Subcommittee of the Senate Committee on Labor and Human Resources, the Administration limited its support to the general concept of a subminimum rate, under some circumstances. Secretary of Labor Raymond Donovan was spokesman for the White House.

Hearings were marked by the lack of expression of the views of business groups such as the U. S. Chamber of Commerce or the so-called "fast food" companies or associations. Among those testifying for a youth subminimum rate were the National Association of Retail Grocers of the United States, the National Association of Convenience Stores, and the Society of American Florists.

Organized labor, led by the AFL-CIO and the International Ladies Garment Workers Union, expressed their opposition to the measures, indicating that they would take away jobs from adults and provide employers with unwarranted profits at the expense of underpaid employees.

Labor and Human Resources Committee Chairman Orrin G. Hatch's (R-Utah) bill would set a rate at 75 percent of the prevailing minimum for a period of six months; Sen. Charles H. Percy's (R-Ill.) version calls for an 85 percent rate.

No further hearings are scheduled.

Trade Officials Appointed

The appointment of three top trade officials has been announced by the White House. David Mc-

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"Consensus" Tax Cut Proposed By House Ways And Means Chairman

House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) on April 9 outlined a tax package he characterized as a "consensus package." Mr. Rostenkowski contends that this new "package reflects a mood of caution and skepticism prompted by such optimistic scenarios from the White House." "It's smaller," he stated, "in size than the President's bill."

The plan is basically divided into two parts, into individual tax cuts, savings, investments and productivity. In the area of depreciation, which is of greatest interest to the retailing industry, he totally goes in the opposite direction from the current 10-5-3 proposal.

In short, he recommended:

a. Simplified, mandatory, audit-proof system; b. Classifications of all assets into a limited number of recovery periods; c. System should be as neutral as possible; d. Cost recovery should not result in a return of more than a dollar for every dollar invested (i.e., system should not be more generous than expensing); e. Avoidance of investment delays which result from a phased-in system.

The Chairman also would revise the current rehabilitation tax credit for industrial and commercial structures. This would be done by replacing the present 10 percent credit for 20-year old structures with a 15 percent credit for 30 year old structures and a 20 percent credit for 40-year old structures. He also would increase the present historic structure credit to 25 percent.

In the area of individual tax cuts, he would reduce the top marginal tax rate from 70 percent to 50 percent effective July 1, 1981. In addition, he would reduce the marriage penalty. Reducing taxes would lower income brackets and reduce marginal tax cut rates or widen tax brackets.

This total package is estimated to be about $40 billion. The Chairman stated that although this plan does not have unaminous support on the committee, "it does have enough support among Democrats and Republicans to pass."

Rep. Barber Conable (D-N. Y.), the ranking minority member on Ways and Means, argued that the Rostenkowski plan is not a consensus package and said all 12 Ways and Means Republicans would stick with the President's proposal for three 10 percent cuts in individual tax rates and a phased-in plan of accelerated business write-offs. Retailers will back this proposal, which includes 10-5-3.

USITC Rules On Footwear

The United States International Trade Commission on April 8 announced its decision in the non-rubber footwear proceedings.

Three commissioners, Bill Alberger, Paula Stern and Michael Calhoun voted that removal of the Orderly Marketing Agreement (OMA) with Korea would not adversely affect the domestic industry. The fourth commissioner, Catherine Bedell, voted to extend the OMA with Korea until June 1983. She also voted to extend for two years the present level of relief in the OMA with Taiwan. The three other commissioners agreed that removal of the OMA with Taiwan prior to June 1983 might have an adverse affect upon the U. S. footwear industry.

The USITC was voting on a petition filed with the Commission asking for a three-year extension of the U. S. agreements with Taiwan and Korea.

The formal report of the Commission will be issued on April 22. From there it goes to the Trade Policy Committee and then to President Reagan for his action.

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President Reagan's Budget Program Passes House By Strong Margin

The Democratic-controlled House on May 7 approved 270 to 145 a budget proposed for fiscal 1982, which has been embraced by President Reagan. A total of 84 Democrats crossed party lines on final passage of H Con Res 115, virtually assuring eventual congressional approval of much of the $48.6 billion in spending cuts called for in the Administration's economic recovery program.

In an earlier House vote, the Gramm-Latta amendment that replaced the Democratic budget alternative to the President's plan was approved, 253 to 176, with 63 Democrats siding with all 190 House Republicans. The bipartisan proposal, drafted by Rep. Phil Gramm (D-Tex.) and Delbert Latta (R-Ohio), calls for $940 million more in cuts to public works projects and social programs than did the original Administration proposal delivered to Congress March 10.

It also allows for $54 billion in tax cuts, as proposed by Reagan, and projects that the budget deficit will reach $31 billion by the end of the new fiscal year, which begins October 1, 1981.

Democrats admitted, after the defeat of their budget plan, that it was a clear, perhaps decisive, victory for the President's economic program.

This solid vote augers well for success of the Reagan tax package. However the ultimate passage of its 10-5-3 provisions, vital to retailing, will require a solid line of support from the grassroots.

Meanwhile, the Senate began debate on its budget for fiscal year 1982. The Senate budget Committee already has approved a $699.1 billion budget proposal; the House passed-version sets a budget of $688 billion. Both Democrat and Republican House leaders reminded their colleagues that the budget action is a total, overall mandated target. As the session continues, this figure will have to withstand efforts to ignore its limitations as individual programs are debated.

House-Passed Discount Bill Goes To Senate

The Cash Discount bill has finally passed the House — after being introduced for a second time. The original bill, H. R. 31, passed the House on February 24, and the Senate on March 2. The Senate version differed slightly from the House version because of a non-germane amendment tacked on in the Senate, permitting the President to name a person over 64 to the post of Surgeon General. The addition of that amendment made H. R. 31 very controversial.

The purpose of the Cash Discount legislation is to allow merchants to give unlimited discounts to customers who pay by cash rather than credit card. The bill also extended for three more years the ban on imposing surcharges on those items paid for by credit card.

The addition of the amendment made it necessary to name two conference committees: one made up of Banking Committee members of the House and Senate and the other composed of other committees dealing with health legislation. The Senate amendment, which had been introduced by Sen. Jesse Helms (R-N.C.) was controversial because it allowed a 65-year-old Philadelphia, physician and anti-abortionist, C. Everett Coop, to the Surgeon General's position. This controversial issue makes it unlikely that this bill will ever be passed.

To avoid killing the cash discount legislation, Rep. Frank Annunizo (D-Ill.) introduced a new

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Senate Finance Committee Reports Out Income Tax Relief Measure

The Senate Finance Committee and the House Ways and Means Committee still are on separate tracks for the tax bill. The President wants congressional action completed on the tax reduction bill by August 1, before members of Congress leave town for their summer recess. Chairman Rostenkowski's schedule, which calls for House passage just before the recess, may prevent this quick action. The current Rostenkowski proposal depreciates buildings in 15 years at 150 percent declining balance, versus 15 years 200 percent declining balance in the Senate and Administration bill. Retailing supports the bill as reported by the Senate Finance Committee. This bill, which is scheduled for floor action July 15, was summarized in the Report, in part as follows:

"• An across-the-board individual income tax rate reduction of approximately 1 percent in 1981, 10 percent in 1982, 19 percent in 1983, and 23 percent in 1984 and subsequent years. This reduction in tax liabilities will be reflected in reductions of taxes withheld from worker's paychecks of 5 percent on October 1, 1981, a further 10 percent on July 1, 1982, and a final 10 percent on July 1, 1983.

• A new deduction for two-earner married couples of 10 percent of the first $30,000 of earnings of the spouse with the lesser amount of earnings (5 percent in 1982.)

• A reduction in the maximum tax rate on all income to 50 percent, effective January 1, 1982.

• A maximum tax rate on individuals' long-term capital gains of 20 percent for sales or exchanges after June 10, 1981.

• A complete revision of rules for recovering the cost of depreciable assets, called the Accelerated Cost Recovery System (ACRS), under which equipment will be written off over either 3, 5, 10, or 15 years and most structures will be written off over 15 years.

• Replacement of the existing 10-percent investment credit for rehabilitating industrial and commercial buildings with a credit of 15 percent for 30 to 39 year old commercial or industrial buildings, 20 percent for such buildings at least 40 years old, and 25 percent for certified historic structures.

• Optional expensing of up to $10,000 of investment in tangible personal property, phased in over a 5-year period.

• Elimination of the $100,000 limit on the amount of used property eligible for the investment tax credit and changes in the recapture rules for that credit.

• Various other tax changes to aid small businesses, including an increase in the number of shareholders for subchapter S corporations and an increase in the minimum accumulated earnings tax credit.

• An increase in the limit on deductible contributions for individual retirement accounts (IRAs) from $1,500 to $2,000 (from $1,750 to $2,250 when a non-earning spouse is a beneficiary).

• Extension of eligibility for IRAs to active participants in em-

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Sen. Grassley Addresses ARF Committee

At a breakfast prior to the July 9 Government Affairs Committee meeting, Sen. Charles E. Grassley (R-Iowa) discussed a variety of legislative proposals before his committees. He is a member of the Budget, Finance and Judiciary Committees — all of vital interest to retailers. Concentrating on the tax bill, Grassley said that there has been no lessening of support from the grassroots for the Reagan proposals, expecially for business tax cuts. He was optimistic about early Senate action on the Finance Committee bill, less so about early House action. But he predicted that in the end the President will get 85 to 90 percent of what he requested.

Grassley said that Mr. Reagan still wants a second tax bill this year and that there now appears to be a greater chance that there will be one than many observers thought a short time ago. Nevertheless, he predicted that there would be numerous attempts on

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. . . Senate Tax Bill

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ployer sponsored pension plans with a $1,500 limit on deductible contributions ($1,625 when a non earning spouse is a beneficiary).

- An increase in the annual limit on deductions for contributions to self-employed retirement plans from $7,500 to $15,000.
- Tax exemption of up to $1,000 ($2,000 for a married couple) of interest income on certain 1-year savings certificates issued by depository institutions.
- Repeal, after 1981, of the $200 interest and dividend exclusion ($400 for a joint return) and a return to the $100 per taxpayer divident exclusion of prior law.
- A restructuring of the tax credit for employer contributions to employee stock ownership plans (ESOPs).
- A permanent $2,500 credit for royalty owners against the windfall profit tax.
- A reduction from 30 percent to 15 percent in the windfall profit tax rate on newly discovered oil, phased in over a 4-year period.
- A 25 percent tax credit for incremental expenditures for wages paid for services performed in conducting research and experimentation.
- An increase in the unified credit against the estate and gift taxes, phased in over a 5-year period, so that no tax will be imposed on transfers of $600,000 or less.
- Repeal of the existing limits on the marital deduction in the estate and gift taxes.
- An increase in the gift tax exclusion for gifts in any single year to any individual person from $3,000 to $10,000.
- Restoration of capital gains treatment for incentive stock options."

Bankruptcy Law Reform Moves

The Senate Judiciary Subcommittee on the Courts is expected soon to publish a committee print disclosing the draft of a bankruptcy reform legislative package. The subcommittee staff has used as one source of input the package of amendments developed by the Washington Bankruptcy Discussion Group, a creditor industry committee.

Meanwhile, the creditor coalition is organizing grassroots committees in the district of each House Judiciary Committee member, to campaign for prompt House action on bankruptcy reform. The first committee to get underway will meet Friday in Roanoke, Va., in the district served by Rep. Caldwell Butler. Organization meetings in other districts will proceed throughout July, leading to meetings of local delegations with their Congressmen during August.

Union Files To Finalize OSHA Noise Regs

Union attorneys have petitioned the D. C. Circuit Court of Appeals to set aside the Labor Department's postponement of the effective date of a noise conservation amendment to an OSHA standard for employee exposure. Attorneys representing the AFL-CIO said in the petition for review that the Occupational Safety and Health Act requires the secretary to set a notice-and-comment period when a significant aspect of a standard is modified. Delaying the effective date set by the terms of the standard constitutes a significant modification, they said.

The union's argument is interesting — and familiar to employer groups who tried unsuccessfully to use the same theory when the Department of Labor issued set final (later postponed) rules on the White Collar Salary test. Employers tried to persuade DOL that the change in the amounts of the salary tests were a "significant modification" and therefore should be subject to a notice and comment period.

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NEWSPAPER

HAPPENINGS . . . . IN POLITICS

President Reagan's control of Republican strategy in operation may well find its way from the President to *Richard Wirthlin*, his political pollster, to *Dick Richards*, the new head of the Republican National Committee. Wirthlin was under heavy fire by Reagan advisers in the final days of the 1980 campaign. But the President stayed with Wirthlin's campaign strategy in spite of objections from close advisers. It seems that, for the present at any rate, Wirthlin will develop the strategy and Richards will direct the party activity. *Lyn Nofziger*, a long time Reagan press spokesman, is riding herd on appointments "to keep Democrats out" of the Administration . . . . No one can predict which of the various factions in the GOP will have the greatest influence on final personnel and policy decisions that the so-called "pragmatist President" — a phrase first used to describe John F. Kennedy — will make. There is a split, for example, in the conservative wing, as Sen. *Orrin G. Hatch* (R-Utah), Chairman of the Senate Republican Policy Committee, and Sen. *Jesse Helms* (R-N.C.), Vice Chairman, vie for leadership. Helms held up nominations to State and Defense Department sub-cabinet posts because he feared that the nominees were insufficiently committed to Reagan's brand of conservatism. Helms exacted some commitments from the Administration in return for finally permitting the nominations to be approved . . . . Democrats are still shellshocked as a result of the November elections, which cost them the White House and the Senate and reduced their numbers in the House. They are hesitant to criticize the President because of his popularity in the country. Former President *Carter* has said it is too early to begin criticizing the President, and former Vice President *Mondale* and Sen. *Edward M. Kennedy* (D-Mass.) have been biding their time. House Speaker *Thomas P. O'Neill* has given the President a six-month honeymoon, but House Democratic Leader *Jim Wright* (Tex.) has begun to flex his muscles and find his voice. Wright and Senate Democratic Leader *Robert C. Byrd* (W.Va.) have begun to voice the party's concern over Reagan policies, particularly with respect to the budget and tax cuts. Democrats maintain that both the tax cuts and the budget cuts are tilted to favor the rich to the detriment of the less fortunate. But a clear Democratic strategy is far from settled . . . . Some 1982 Senate races already are getting attention. Sen. *S. I. Hayakawa* (R-Calif.) has been targeted by the Democrats. Possible challengers include Gov. *Edmund G. Brown, Jr.* and *Tom Hayden*, among others.

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ment insurance was exhausted in the fall of 1980. The trust fund began borrowing federal money; it is estimated that by midsummer of 1981 Arkansas will owe more than $100 million.

Faced with mandatory tax increases to repay the federal loans, business, labor, and government leaders, represented by the Governor's Arkansas Manpower Advisory Council, started an examination of the unemployment insurance law with the goal of restoring fiscal integrity. ARMA worked closely with the Council. Most of its suggestions were incorporated into the amendments recommended to the legislature. Importantly, the and management to accept changes they normally would be expected to oppose.

The success of the effort in Arkansas was due in no small part to the efforts of ARMA, aided by the Retailers Task Force on State Unemployment Compensation, along with an across-the-board effort by all business groups.

ARF Board Meets In Cincinnati

The winter meeting of the Federation's Board of Directors was held March 19 at the new Federated Department Store Headquarters in Cincinnati, Ohio. Over 33 members of the Federation's Board were in attendance. Federated Chairman Ralph Lazarus, in welcoming members to the meeting, spoke of increasingly effective representation of the retailing industry in Washington.

Following the business meeting members were given a tour of Federated's new facilities. In the evening a reception and dinner was held, hosted by Mr. Lazarus.

Prior to the Board meeting, ARF Chairman Prentis C. Hale held a press conference in which he responded to questions regarding the industry and the current state of the economy, as well as projections into the early 1980s.

Depreciation Effective Date Set In Tax Bill

A joint statement has been made by Chairman Dan Rostenkowski (D-Ill.) of the House Ways and Means Committee, ranking Republican member Barber Conable (R-N.Y.), Chairman Robert Dole

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(R-Kans.) of the Senate Finance Committee, and ranking Democratic Finance member Russell Long (D-La.), announcing that March 11, 1981 will be the effective date for the accelerated depreciation portion of the tax bill.

In their statement they announced that this was not intended to rule out the earlier announced effective date of January 1, 1981. However, the latter date is more probable since the Administration has indicated its official support for this agreement, to insure that businesses do not delay going forward with their investment plans while waiting for Congressional action on a tax bill.

The Administration's tax cut proposals presently call for accelerated business write-offs retroactive to January 1, 1981.

ARF Files Brief In Retail Labor Case

The American Retail Federation recently filed an *amicus curiae* brief in a secondary boycott type of labor relations case of importance to retailers — particularly those who locate in shopping centers. The brief was written by the Kansas City, Missouri labor law firm of Spence, Fane, Britt and Browne in *De Bartolo v. NLRB* (252 NLRB No. 99). In this case, a general contractor was employed exclusively by one tenant of a shopping center to build a new department store in an existing shopping center. The union had a dispute with the contractor, and proceeded to handbill at all entrances to the shopping center, urging a boycott of the entire mall — not just the department store.

In ruling for the union, the National Labor Relations Board relied on a section of the National Labor Relations Act to conclude that the union's activity was not in violation of the Act, since it said that the department store fit the definition of a "producer" under the publicity proviso. Thus, it was exempt from the proscriptions of the proviso.

The employer appealed to the Fourth U.S. Circuit Court of Appeals where the brief has been filed.

The Federation's brief strongly contends that the NLRB erred "in expanding the meaning of the term 'producer' beyond previously accepted parameters and rendered meaningless what was intended by Congress to be a significant restriction upon the ability of unions to enmesh neutral secondary employers in labor disputes of others."

The brief analyzes the legislative history of that portion of the Act, and concludes that the NLRB's decision, based on its misinterpretation of the term, "permits coercive activity to be directed at neutral employers solely because they own or occupy space in the same geographic area as a tenant with whom the primary employer has a dispute."

Retailers Meet With EPA

Retailers met with representatives of the Environmental Protection Agency on the ARF petition for a consumer and household products exclusion from the hazardous waste management regulations.

The EPA is reluctant to grant such an exclusion and even appears to be hesitant to publish the petition in a formal proceeding. The EPA representatives propose to solve the ambiguity of the regulations by: (1) publishing a list of consumer products which contain the chemicals in the hazardous waste lists; (2) devising a list of characterizations of certain types of consumer products; and (3) developing an agency policy on how small generators can project, on a monthly basis, their cumulative hazardous waste. The officials said they will meet again with retailers when the lists and policies are prepared.

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FEDERATION REPORT

AMERICAN RETAIL FEDERATION

Congress To Consider Budget After Recess

Congress closed operations for the "Easter Recess" on Friday, April 10 and will return to work on Monday, April 27. Both Houses will return to the consideration of the first concurrent Congressional Budget Resolution for Fiscal Year 1982.

Before adjourning for its "district work period" the House Budget Committee completed action on its version of the Budget Resolution, which now goes to the House Rules Committee for the granting of a "rule" determining the conditions under which the Resolution will be debated on the floor of the House. The "rule" embraces such things as time allowed for debate, how many amendments may be offered and by whom they may be offered. It is expected that at least three versions of the Budget Resolution may be given an opportunity for a vote, i.e. the Budget Committee version, the Reagan proposal, and a third version to be offered by House conservatives and possibly a fourth plan to be offered by liberal House members.

On the Senate side, just prior to the recess, the Budget Resolution was defeated in the Committee, with three Republicans voting with Budget Committee Democrats to scuttle the Reagan-backed version. Those three Republicans were Senators Grassley (Iowa), Armstrong (Colorado) and Symms (Idaho). It will be "back to the drawing board" for the Senate Committee when the Senate returns.

When both Houses complete floor consideration of their respective budget versions, a House-Senate conference will be necessary to resolve the differences. Final action on the first budget resolution must be completed by May 15.

Administration Will Stand By Its Tax Plan

Members of the Administration are voicing strong support for the President's tax proposal. President Reagan and Secretary of Treasury Regan both deny that the Administration is willing to compromise on its three-year, 30 percent tax cut plan. Using the tax filing deadline as a backdrop, Vice President Bush, on April 15, said the Administration is determined to keep the package together.

In the wake of reports of potential compromise, the President emphasized his unwillingness to back off from the original proposal. In fact, the President insisted that he had not authorized anyone in the Administration to offer such a compromise. This flurry surrounding the Administration's strong stand came after Chairman James Jones (D-Okla.) of the House Budget Committee stated that he had no official statements, but that he had met with spokesmen from the Administration who indicated a willingness to compromise on both the spending cut and the tax cut sides.

Presidential aides said that while they did not expect the House panel to adopt the President's tax plan, they are confident that the full House will clear the President's proposal. They expect many conservative House Democrats to support the President's plan; also, they indicate that Mr. Reagan is eager to lobby personally for his economic renewal program.

Ten-year accelerated depreciation for commercial buildings continues to be the center of retailing's tax concern and lobbying effort. The Federation again urges all of its members to contact their congressional delegations to convince them of the importance of ten-year depreciation on buildings to the retail industry.

DOE To Issue Revised Rules

The Energy Department plans to issue its technical and economic review of the federal government's proposed energy efficiency standards for appliances by the end of April, according to a top Energy Department official.

Frank DeGeorge, Acting Assistant for Conservation and Renewable Energy told a congressional subcommittee that DOE's review of the proposed appliance rules will be subject to public comment. "Rough-

(continued on page 2)

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IRS Working On New Version Of Fringe Benefit Taxation Rules

Taxation of fringe benefits is of interest and concern to the retailing industry. During the last Administration a draft proposal was circulated by the Treasury Department. Congress, wishing to examine the subject, issued a freeze on new fringe benefit rules, with a deadline. The current Commissioner of Internal Revenue, Roscoe Egger, has now announced that some fairly significant changes are likely to be made by Treasury in the draft fringe benefits provisions. The current set of proposals are expected to be ready in late May or early June when the Internal Revenue Service fringe benefit rule freeze expires.

Both Commissioner Egger and Assistant Secretary of Treasury for Taxing Policy John Chapoton have stressed the need for a "rule of reason" for the taxation of fringe benefits. Assistant Secretary Chapoton, however, has stated that the new regulations will be aimed at tax breaks such as discounts for department store employees, free or reduced tuition for professors' children, and reduced flight costs for airline employees. Mr. Chapoton is quoted as saying "We can't ignore it. The more we do the more compensation will be paid in benefits."

Mr. Chapoton noted that basically all of the past drafts take "sort of the same approaches." He said he would ease the last Treasury draft proposal. The tough question, according to the Assistant Secretary, is deciding what is the proper measure of income received. The Treasury plans to work on a new draft in hopes of putting off another moratorium. Mr. Chapoton did indicate that Treasury may need some "legislative support for the new rules".

ARF met last week with Chairman of the House Ways and Means Committee Dan Rostenkowski (D-Ill.) The chairman indicated that hearings by the Select Revenue Subcommittee chaired by Rep. Cotter (D-Conn.) are being announced, to hear the full Administration plan.

The Federation Tax Coordinating Council is meeting on May 20, in Washington. Taxation of fringe benefits will be one of the issues scheduled on the agenda for consideration.

Reagan Nearing Victory On Budget/Tax Plan

If there was any doubt left on Capitol Hill about President Reagan's tremendous personal popularity with the American people it was dispelled in quick fashion last week when Congress returned from its Easter recess. Speaker of the House Tip O'Neill (D-Mass.) signaled this to his Democratic colleagues and to the country when he essentially conceded that President Reagan had the votes in the House to adopt the Administration's version of the first budget resolution for FY 1982 in preference to the House Democrats' budget, crafted by Budget Committee Chairman James Jones (D-Okla.). O'Neill's signal came in his cryptic statement that "I know when to fight and when not to fight."

The Speaker's concession came on the eve of President Reagan's address to a joint session of Congress, in which he set the clear and unmistakable tone for what he was asking of the Congress, and what he expected of it. He said "all we need to do is act, and the time for action is now." The entire membership of the Congress was on its feet applauding at the conclusion of his remarks.

It had been felt by many in the Congress that, just prior to the assassination attempt, alternatives

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46th ANNUAL MEETING
MAY
13-14

Happenings. . . . . .In Politics

Despite the apparent disarray in the Democratic Party there appear to be candidates aplenty. A respected Washington newsletter last week listed nine potential Democratic presidential candidates for 1984. It also listed nine "others" who might make the race — and former President Jimmy Carter made that list. . . . . Eugene V. Rostow, a Democrat who has been selected to be the new director of the Arms Control and Disarmament Agency, is under attack from both ends of the political spectrum. Sen. Jesse A. Helms (R-N.C.) thinks Rostow too liberal. Arms controllers think he is against arms control and is a leading exponent of a much bigger arms budget. A member of the Yale Law School faculty, Rostow is a former dean of the school and a former Under Secretary of State for Political Affairs under LBJ . . . . Ann Gorsuch, President Reagan's nominee for Administrator of the Environmental Protection Agency, will likely be confirmed in early May. Environmental groups have complained that her administration would reduce the effectiveness of environmental regulations . . . . The Senate Small Business Committee has begun hearings on charges of past mismanagement of the Small Business Administration.

. . . . While it is still much too early even to know what the issues may be, Sen. Bob Packwood (R-Ore.) has predicted a GOP gain of 3 to 10 seats in the Senate in 1982. And Democrats acknowledge that their chances to make gains are small. Even a minimal GOP gain in next year's battle would almost certainly assure Republican control for four to six years . . . . Acting FTC Chairman David A. Clanton has told the Office of Management and Budget that reductions proposed in the FTC budget would substantially reduce the Commission's ability to respond to complaints in the marketplace . . . . Despite previous reports, NLRB Chairman John Fanning has vehemently denied that he will leave that post voluntarily. "I can be fired. I can be removed. But I never resign from a responsibility," Fanning proclaimed . . . . Mary Estill Buchanan, the secretary of state of Colorado who ran a strong race for the Senate last year against Democrat Gary Hart, may be the next chairman of the Federal Trade Commission. Washington reports indicate that the 46-year old Coloradan, often described as a GOP liberal, could get the nomination. Democrat Robert Pitofsky's resignation from the FTC was effective May 1.

(continued from page 1)

to the Reagan budget were being fashioned which were gaining support. Following the shooting and over the Easter recess period, however, Members on both sides of Capitol Hill, after visiting their districts, apparently read the voters' attitudes clearly, both about their support of the President and of his policies, at least with respect to the federal budget.

Thus, it became clear by the week's end that the President had fully capitalized on his public support: most likely Congress would adopt his budget for FY 1982. Though votes are yet to be taken this week in the House and Senate, and a conference session is yet to come, few doubt that the President will prevail in his first battle of the budget, and will be signing his version into law by May 15.

Retailing Urges Revised White Collar Regs

The retail industry has urged the Department of Labor to reconsider the White Collar salary test levels established in the "midnight regulations" issued during the last days of the Carter Administration. This was one of the few proposals given an "indefinite" postponement by the incoming Reagan Administration. The proposal calls for a regular salary test of $225 for executive and administrative workers, and a short test, upon its effective date, of $320; two years later it would be increased to $345.

A statement for the DOL record, submitted by the National Retail Merchants Association and the American Retail Federation, points out that when increases were first proposed in 1978, the key comments were submitted by the Carter Administration's Council on Wage and Price Stability. The statement was highly critical of the proposal because, as the Council observed, "the DOL presented no evidence that the 'current minimum exempt salary levels are insufficient to assure economic protection of exempt employees.' "

The statement points out that the "revised final" January 13, 1981 publication not only ignored the compelling arguments made by COWPS in 1978, but applied faulty, inaccurate, and self-serving data to try to make its case.

The retail industry comments concluded by quoting the conclusion of the COWPS statement,

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FEDERATION REPORT
AMERICAN RETAIL FEDERATION

Reagan Announces Ten-Year Retail Building Tax Depreciation

The economic program announced by President Reagan in his February 18 economic message to Congress includes ten year accelerated depreciation for retail buildings.

This portion of the program, which is called the Accelerated Cost Recovery System, will provide for faster writeoff of capital expenditures by means of simplified and standardized rules; the "useful life" concept will be replaced. The proposal adopts the 10-5-3 concept, which retailing also strongly supports, for machinery and equipment used in business and for owner-occupied structures used for manufacturing and distribution. The business cuts are scheduled, if passed, to be effective January 1, 1981.

Other tax reductions are proposed in the personal income taxes. The President's proposal is basically that known as Kemp-Roth, a 30 percent tax reduction phased in over three years. This portion of the law will not go into effect until July 1, 1981.

This tax reduction package is coupled with budget cuts. The general consensus of opinion is that tax cuts and budget cuts must come together.

The House Ways and Means Committee will hear Administration witnesses starting February 24, 1981.

Some observers predict that a tax bill will be ready for reporting out of committee by early June. The tax bill should go to the House floor around July 15 after the Budget Committee completes its work on budget cuts, and will be ready for Senate action by August 1.

The Federation has sent the following telegram to President Reagan and Treasury Secretary Regan:

"The American Retail Federation strongly supports your comprehensive economic program presented to the nation last night. The Federation, as the umbrella group which represents the nation's retailing industry, thanks you for rectifying the inequities in our present tax system by accelerating depreciation for buildings to ten years. As you know from our earlier communications, this type of tax proposal is essential for the continued growth of productivity in the retailing industry. You can depend on the retail industry -- including 50 state retail associations and 32 national retail associations, to work for broad support for the recovery program."

New First Class; Presort Rates Recommended

New postal rates were recommended by the U. S. Postal Rate Commission last week. The Commission recommends that first class letters be charged a rate of 18 cents for the first ounce and 17 cents for each additional ounce. The Commission also recommended that first class mail, presorted to three and five digits, bear a 15 cent rate, and that mail presorted to carrier route be charged 14 cents.

ARF has been a full intervenor in the rate proceedings, urging an increase in the presort discount rate. Presently there is a two cent presort discount rate. The increase to three cents will provide substantial savings for retailers, especially those with credit mailings. The Postal Rate Commission arrived at the 18 cents first class stamp as a result of a decision to reduce the U. S. Postal Service estimate of revenue requirements for 1981 and 1982.

Apparently there was also a concern among the Commissioners about granting even higher rates immediately preceding labor negotiations with postal unions. The letter carrier contract expires in July of this year.

In addition to the first class rate increase, the Postal Service also announced third class rate increases of from six to 24 percent, depending on the amount of presort worksharing done by the mailer. Fourth class rates, which include parcel post, would increase about three percent.

The Postal Rate Commission was not the only one to scale down the U. S. Postal Service 1982 requirements. President Reagan announced a proposed $632 million reduction of Postal Service subsidies for 1982.

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that had President-elect Reagan opposed the enactment the regulation could have been stopped. So again retailers find themselves to be under these rules.

USPS Moving To 9-Digit Zip

Postmaster General William Bolger has announced that the U. S. Postal Service will propose incentives in March to encourage volume mailers to adapt to a nine digit zip code. The Postal Service already is purchasing the necessary equipment to implement the new code. During the next few months, the Service will begin consultations with large mailers on the implementation of the new code. However, Bolger says implementation will probably not begin until June 1, 1981.

There is no mandatory requirement for any mailer to use the nine digit zip code, but the Postal Service hopes to develop incentives and program benefits that will encourage use of the nine digit zip code.

States Seek Waste Authority

Since the Environmental Protection Agency's Hazardous Waste Management regulations became effective on November 19, 1980, a number of states have filed for interim authorization for the state programs. The first phase of such interim programs has been approved and granted for the following states: Texas, Arkansas, Oklahoma, Louisiana, Utah, North Dakota, North Carolina, Vermont and Mississippi. Other states which have filed for the authorization but have not received approval include Delaware, South Carolina, Massachusetts, Tennessee, Maine, Pennsylvania, Maryland, Iowa, Georgia, Alabama, Montana, Arizona, California, Kentucky and Oregon.

Retailing's concern in this matter results from the small generator exclusion contained in the regulations. Generally, firms generating less than 1,000 kilograms of hazardous waste are exempt. Most of retailing will fall within the exclusion; however, should any state program substantially reduce or eliminate the exclusion, virtually all of retailing would then be subject to the notification, filing and reporting requirements required by the EPA.

Congress To Consider Taxes

Tax legislation continues to be a major effort in this Congress both for businesses and individuals. Consideration this year is expected to be given to a new Capital Cost Recovery tax bill for businesses and the 2-4-7-10 accelerated depreciation proposal developed by the Senate. The Roth-Kemp proposal for a 10 percent across-the-board tax cut in each of three years is also being considered. Some form of this proposal could be enacted, but House resistance is expected. Some predict that business tax cuts may be retroactive to January, with individual tax cuts being effective in mid-1981.

The Federation, as well as the business community in general, continue to support 10-5-3 in an attempt to end the current depreciation concept of useful life.

CPSC Chairman To Resign

Chairman Susan King of the Consumer Product Safety Commission has resigned as of January 31, 1981. Since the first scheduled vacancy was to have been October 1982, Chairman King's move allows the new President to make an impact on the agency early in his Administration. This new vacancy, however, greatly decreases the chances for Republican members Stewart Statler and Sam Zagoria to become Chairman. It is believed that neither of these men are considered to be conservative enough by the new Administration to become chairman.

Some observers are suggesting that the Consumer Product Safety Commission become a single administrator agency, rather than its present five-person Commission. Since the Commission will soon be up in Congress for reauthorization, a major change like this could be made at that time.

Cargo Security Program Planned

The National Cargo Security Program, administered by the U. S. Department of Transportation, could become an important issue during 1981. Representative J. J. Pickle (D-Texas) pushed his Cargo Security bill into hearing at the end of 1978. Pickle, in his testimony, labeled the voluntary DOT National Cargo Security Program as ineffective and called for mandatory legislation.

The Department of Transportation has defined a new field program which it hopes to commence, to center around zones or areas called "Individual Councils."

The voluntary cargo security program is designed to bring about cooperation of Federal and state agencies as the FBI and state policy to handle local cargo thefts and prevention rather than mandating new procedures and regulations that will substantially increase transportation costs.

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