

# Government Relations Today

Welcome to *Government Relations Today*, the new monthly communication resource PPAI offers to all of its industry contacts interested in state and national legislative and advocacy efforts.

Feel free to pass any or all of this information on to your own contacts and organizations. Our hope for this publication is that it becomes one of your advocacy tools.

If you would like to spotlight an issue, publish a success story or share your opinion, please don't hesitate to contact Eme Alberico at [EmeA@ppai.org](mailto:EmeA@ppai.org).

Thank you,

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## Spotlight on Legislation: United States Independent Contractor Law

Businesses and families are not the only entities sticking to a tighter budget these days—the government must provide many of the same services it did when the economy was stronger while working with less tax revenue. The reported tax gap of \$290 billion, as reported by the IRS, doesn't help to ease the budget situation. Underpayment, under-filing, and non-filing by individuals make up more than \$200 billion of that tax gap.<sup>[1]</sup>

In order to reduce this tax gap, the IRS began different research, customer service, and compliance initiatives. With an eye towards the underpayment of individuals, particularly independent contractors, the U.S. House of Representatives introduced the Taxpayer Responsibility, Accountability, and Consistency Act on July 30, 2009.

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### In this Issue...

- Industry Independent Contractor Status Threatened By Pending U.S. Legislation
- Advocacy NOW
- Advocacy Success in Connecticut



**Your Editor  
and the new Public  
Affairs Coordinator  
for PPAI,  
Eme Alberico.**

U.S. H.R. 3408 (S. 2882) would eliminate a safe harbor provision of tax law, known as "Section 530" that recognizes the long-standing industry practice as a basis for classification as an independent contractor. Without the safe harbor rule, many independent contractors will be re-classified as employees by the IRS. The promotional products industry has defended its use of the independent contractor model with this rule, and without it, 45 percent of the overall industry's estimated 125,000 sales force participants could be reclassified.

This does not sit well with independent contractors and the distributors who do business with them. "This legislation completely contradicts the fact that I and thousands of industry salespeople have chosen to be our own bosses," says Artie Rice, promotional product consultant with Geiger. "In a time of high unemployment, these bills threaten our livelihood and will potentially add to the unemployment picture."

You can help protect the industry's use of the independent contractor model by doing two things:

1. Tell us why you like being self-employed as an independent contractor in 500 words or less. We will use your submission to craft compelling arguments. Send your story to Anne Lardner at [AnneL@ppai.org](mailto:AnneL@ppai.org) or 972-258-3041.
2. Then, tell your legislators the same thing. Go to [www.PPAILAW.org](http://www.PPAILAW.org) and follow the simple prompts to send a letter to your Senators and your Representative.

PPAI supports all of the industry's distribution models and does not endorse one over another. This effort is designed to protect all of the options available to members.

***“The promotional products industry has defended its use of the independent contractor model with this rule, and without it, 45 percent of the overall industry’s estimated 125,000 sales force participants could be reclassified.”***

1. See U.S. Department of the Treasury, "Update on Reducing the Federal Tax Gap and Improving Voluntary Compliance," July 8, 2009, [http://www.irs.gov/pub/newsroom/tax\\_gap\\_report\\_final\\_version.pdf](http://www.irs.gov/pub/newsroom/tax_gap_report_final_version.pdf).

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*75 Days Until the August Recess of U.S. Congress — Are you ready?*

Both houses of the United States Congress go on recess August 9 of this year. Legislators spend this time in their districts connecting with constituents and learning about issues important to voters.

This is the perfect opportunity for you and your colleagues to build relationships with your elected officials and come one step closer to the policy making process.

Most offices have an organized staff including a scheduler or constituent services director who should be able and willing to help you set up appointments with your elected official.

Don't know who your representatives are? Enter your zip code [HERE](#) to find out!

The results will include each official's bio, contact information, website, committees, staff and legislation.

Go to their website, learn about their schedule and contact their staff as soon as possible to make an appointment.

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## Advocacy Success

Ever wonder if your letters, phone calls, e-mails and meetings make a difference?

The Senate of Connecticut presented a piece of legislation (CT S 270) that would prohibit the distribution of certain gifts from pharmaceutical and medical device companies to healthcare providers. This bill would require each pharmaceutical or medical device manufacturing company that employs or contracts with a pharmaceutical or medical device manufacturer agent to adopt a marketing code of conduct.

Dave Engel, MAS, president of Greystone International Products Corp and member of PPAI's Government Relations Action Group, was instrumental in tracking this bill and using local contacts, including his state assemblymen and senator to bird-dog the issue (even from Hong Kong).

Apart from his advocacy efforts in regard to this legislation, which never made it to the floor for a vote, Engel joined Rick Brenner, president and CEO of Prime Resources Corp. in hosting Connecticut's United States Representative Jim Himes to the company's factory for a tour.

Engel met Himes in Washington, D.C., in March as part of PPAI's LEAD meeting and asked if he would like to go the Prime factory, which employs 352. Engel says Himes jumped at the chance to visit a factory in his district.

"I'm a strong believer in getting our legislators into our companies as part of an 'Adopt a Legislator,' initiative," Engel says. "It makes it easier to lobby to them."

[For more on Representative Himes' Visit — Click HERE](#)



**Rick Brenner, president,  
CEO of Prime Resources;  
Peter Yazbak, staff  
assistant; Congressman Jim  
Himes; David Engel, MAS,  
president of Greystone  
International Products  
Corp**