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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name PRESIDENT, OFFICE OF THE: PRESIDENTIAL BRIEFING PAPERS

Withdrawer

RBW 1/7/2008

File Folder 09/12/1983 (CASEFILE 189112)

FOIA

S07-0077/01

Box Number

200

DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1	SCHEDULE	OF THE PRESIDENT [PG 1, PARTIAL]	1	9/12/1983	B7(C)
2	DIAGRAM	RE CAPITOL HILTON HOTEL	1	9/12/1983	B2 B7(E)

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

TR

- X-MEDIA
- H-INTERNAL

Name of Document: BRIEFING PAPERS
FOR PRESIDENT'S
SCHEDULED
APPOINTMENTS FOR

SEP 12 83

Subject Codes:

P	R	0	0	7	-	0	1
TR		0	0	1	-		
LG					-		
					-		
					-		
HD		0	5	8	-		
HU		0	1	3	-	7	9
FG		0	1	2	-	0	6
					-		
					-		
HG		0	1	0	-	0	2
					-		
FI		0	1	0	-	0	2
IS		0	0	1	-		
LA		0	0	2	-		
					-		
					-		
					-		
					-		

1) Subject: Address to the National Association
of Towns and Townships at the Capital
Wilton Hotel

2) Opening ceremony for Hispanic Heritage
Week and announcement of
appointment of Katherine Ortega as
Treasurer of United States.

3) Meeting of the Cabinet Council on
economic affairs to discuss:
A) unitary taxation decision memorandum
B) Federal Supplemental Compensation
Program decision memorandum.
(There are no Presidential selections
on either memorandum.)

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
RMHENL		RSZ			C	

Referral Note:

Page 2 of 2

ID # 189112

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

- X-MEDIA
- H-INTERNAL

Name of Document: BRIEFING PAPERS
FOR PRESIDENT'S
SCHEDULED
APPOINTMENTS FOR

5 7 1 2 8 3

Subject Codes:

P	R	0	0	7	-	0	1
					-		
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FG	3	9	7		-		
FG	3	9	7		-		
ST					-		
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ST	0	1	3		-		
ST	0	4	4		-		
ST	0	1	6		-		
					-		
PL	0	0	5	-	0	4	
ST	0	3	5		-		
ST	0	2	2		-		
PL	0	0	2		-		
					-		
					-		
					-		

4) Subject: Meeting with the President's
Commission on Industrial Competitiveness

5) Meeting to discuss the National
Governors' Association Conference
summer

held in Portland with Governors:
A) James Thompson
B) Scott Matheson
C) John Carlin

6) Meeting with Michigan and Ohio State
Republicans

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
RMHENL		RSZ			C	

Referral Note:

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

Monday, September 12, 1983



9:00 am (30 min)	<u>Staff Time</u> (Baker/Meese/Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> (Clark)	Oval Office
10:00 am	Depart for Address to National Association of Towns and Townships <u>Annual Meeting</u> (Henkel/Verstandig) (TAB A)	Capital Hilton
10:40 am	<u>Arrive back at White House</u>	South Lawn
10:45 am (45 min)	<u>Personal Staff Time</u>	Oval Office
11:30 am (15 min)	Kickoff ceremony for Hispanic Heritage Week (TAB B) (Whittlesey/Henkel) (draft remarks attached)	East Room
11:45 am (45 min)	<u>Personal Staff Time</u>	Oval Office
12:30 pm (60 min)	<u>Issues Briefing Lunch</u> (Darman/Fuller) (distributed separately)	Cabinet Room
1:30 pm (2 hrs) 3:15	<u>Personal Staff Time</u> <i>James B. ...</i>	Oval office
3:30 pm (15 min)	Meeting with members of Commission on Industrial Competitiveness (Fuller) (TAB C)	Roosevelt Room
3:45 pm (45 min)	<u>Cabinet Council on Economic Affairs</u> (Fuller) (TAB D)	Cabinet Room
4:30 pm (15 min)	Meeting with Governors Scott Matheson of Utah, James Thompson of Illinois and John Carlin of Kansas (Verstandig) (TAB E)	Oval Office
5:00 pm (20 min)	Reception for Michigan and Ohio Republicans (Rollins/Rosebush) (TAB F) (draft remarks attached)	Residence

Historical File

UNP 9/9/83
Revised 7:00 pm

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

TRF

Monday, September 12, 1983

8:57 - oval



9:00 am (30 min)	<u>Staff Time 9:00</u> (Baker/Meese/Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing 9:20 -</u> (Clark), <i>EM, JB, MKO, PHIL SOR, HOWARD TEICHEN</i>	Oval Office
10:00 am	<u>Depart for Address to National Association of Towns and Townships Annual Meeting</u> (Henkel/Verstandig) (TAB A)	Capital Hilton
10:40 am	<u>Arrive back at White House</u>	South Lawn
10:45 am (45 min)	<u>Personal Staff Time</u>	Oval Office,
11:30 am (15 min)	<u>Kickoff ceremony for Hispanic Heritage Week 11:30 - 11:48</u> (TAB B) (Whittlesey/Henkel) (draft remarks attached)	East Room
11:45 am (45 min)	<u>Personal Staff Time 11:48 -</u>	Oval Office
12:30 pm (60 min)	<u>Issues Briefing Lunch 12:35 - 1:31</u> (Darman/Fuller) (distributed separately)	Cabinet Room
1:30 pm (2 hrs)	<u>Personal Staff Time 1:31 -</u>	Oval office
3:15 3:30 pm (15 min)	<u>JAPANESE BUSINESS LEADERS 3:19 - 3:30</u> <u>Meeting with members of Commission on Industrial Competitiveness 3:32 - 3:42</u> (Fuller) (TAB C)	Roosevelt Room
3:45 pm (45 min)	<u>Cabinet Council on Economic Affairs 3:45 - 4:36</u> (Fuller) (TAB D)	Cabinet Room
4:30 pm (15 min)	<u>Meeting with Governors Scott Matheson 4:40 - 5:09</u> of Utah, James Thompson of Illinois and John Carlin of Kansas <i>Lee Verstandig, JRS</i> (Verstandig) (TAB E)	Oval Office
5:00 pm (20 min)	<u>Reception for Michigan and Ohio Republicans 5:12 - 6:01</u> (Rollins/Rosebush) (TAB F) (draft remarks attached)	Residence

6:02 RESIDENCE

THE SCHEDULE OF
PRESIDENT RONALD REAGAN



Monday, September 12, 1983

9:00 am (30 min)	<u>Staff Time</u> (Baker/Meese/Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> (Clark) P. DORN, H. TEICHEN	Oval Office
10:00 am	Depart for Address to National Association of Towns and Townships <u>Annual Meeting</u> (Henkel/Verstandig) (TAB A)	Capital Hilton
10:40 am 10:42 - 10:46 - EM	<u>Arrive back at White House</u>	South Lawn
10:45 am (45 min)	<u>Personal Staff Time</u>	Oval Office
11:30 am (15 min) ✓	Kickoff ceremony for Hispanic Heritage Week <u>(Whittlesey/Henkel)</u> (TAB B) (draft remarks attached)	East Room
11:45 am (45 min)	<u>Personal Staff Time</u>	Oval Office
12:30 pm (60 min)	<u>Issues Briefing Lunch</u> (Darman/Fuller) (distributed separately)	Cabinet Room
1:30 pm (2 hrs) 2:05 - 2:17	<u>Personal Staff Time</u> WPC (wire from Webster)	Oval office
3:15 2:53 3:30 2:56	D. RUGG Quapby Japanese group	Cab. Room
3:30 pm (15 min)	Meeting with members of Commission on Industrial Competitiveness <u>(Fuller)</u> (TAB C)	Roosevelt Room
3:45 pm (45 min)	<u>Cabinet Council on Economic Affairs</u> (Fuller) (TAB D)	Cabinet Room
4:30 pm (15 min)	Meeting with Governors Scott Matheson of Utah, James Thompson of Illinois and John Carlin of Kansas <u>(Verstandig)</u> (TAB E)	Oval Office
5:00 pm (20 min) ✓	Reception for Michigan and Ohio Republicans <u>(Rollins/Rosebush)</u> (TAB F) (draft remarks attached)	Residence

THE WHITE HOUSE

WASHINGTON

September 9, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: LEE L. VERSTANDIG *lee*

SUBJECT: ADDRESS TO THE ANNUAL MEETING OF THE NATIONAL ASSOCIATION OF TOWNS AND TOWNSHIPS

MONDAY, SEPTEMBER 12, 1983
10:00 - 10:40 A.M.
CAPITAL HILTON HOTEL

I. PURPOSE

To address an audience of 750-1,000 town and township elected officials who are members of a philosophically conservative public interest group which has been supportive of you and your policies.

II. BACKGROUND

The National Association of Towns and Townships (NATaT) is a local government membership organization representing over 13,000 predominately small entities across the country. NATaT is a new organization (approximately five years in existence) and is frequently referred to as the voice of "Small Town America." The Association's membership is conservative in philosophy, as evidenced by the organization's strong support for several of your programs including: Economic Recovery, General Revenue Sharing, Block Grants (especially the Community Development Block Grant), New Federalism, and Enterprise Zones. Your participation will give the group deserved credibility and greatly benefit this Administration in the months ahead. On February 18, 1982 you met with the NATaT Board of Directors, in the Cabinet Room, to discuss the Federalism Initiative.

III. PARTICIPANTS

Approximately 750-1,000 local elected officials. You will be seated at a head table with NATaT officials, Senator Charles Percy (R-IL) and Congressman Frank Horton (R-NY).

IV. PRESS PLAN

Open Press Coverage

703 010-2 31 3-58

V. SEQUENCE OF EVENTS

10:05 You arrive at the Capital Hilton and proceed to the Continental Room for a brief photo session (attendees attached).

10:10 Proceed to the Presidential Ballroom. Following off-stage announcement, you proceed to the head table where you are seated.

Introduction by George Miller, President, National Association of Towns and Townships. At this point, you will be presented with an apple pie as a symbol of NATaT's commitment to Small Town America.

10:15 You proceed to the podium and make your remarks.

10:30 Conclude and depart.

Wilfred Johnson
President
Indiana Townships Association

John Oxtan
President
North Dakota Townships Association

Floyd Snyder
President
New York Association of Towns

THE WHITE HOUSE

WASHINGTON

SCHEDULE OF THE PRESIDENT

FOR

MONDAY, SEPTEMBER 12, 1983

EVENT: National Association of Towns and Townships

DRESS: Men's Business Suit

WEATHER: Mid 80's, Chance of Showers

- 9:55 a.m. Proceed to motorcade and board.
- 10:00 a.m. Depart en route Capital Hilton. Drive Time: 3 mins.
In Limo: E. Meese, J. Baker.
- 10:03 a.m. Arrive Capital Hilton and proceed inside to Continental Room.
- 10:05 a.m. Arrive Continental Room for brief photo session with Executive Committee of National Association of Towns and Townships. OFFICIAL PHOTOGRAPHER
- 10:10 a.m. Depart en route off-stage announcement area.
- Ruffles and Flourishes
Announcement (off-stage)
"Hail to the Chief"
- Proceed to head table and be seated.
- George Miller, President, National Association of Towns and Townships, makes brief remarks and Introduction.
- 10:15 a.m. Proceed to podium.
- Mr. Miller presents apple pie.
- Accept pie and commence remarks. OPEN PRESS
- 10:30 a.m. Conclude remarks and depart en route motorcade.
- 10:35 a.m. Depart en route White House. Drive Time: 3 mins.
In Limo: E. Meese, J. Baker.
- 10:38 a.m. Arrive White House.

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FOIA

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Box Number

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<i>DOC Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
<i>NO Document Description</i>	<i>pages</i>		<i>tions</i>
1 SCHEDULE OF THE PRESIDENT [PG 1, PARTIAL]	1	9/12/1983	B7(C)

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

THE WHITE HOUSE

WASHINGTON

SCHEDULE OF THE PRESIDENT

FOR

MONDAY, SEPTEMBER 12, 1983

EVENT: ADDRESS TO NATIONAL ASSOCIATION OF TOWNS AND TOWNSHIPS

THE PRESIDENT'S PARTICIPATION

Photo Session

Remarks

WEATHER

Mid 80's

Chance of Showers

DRESS

Men's Business Suit

ADVANCE

HATFIELD, MARK

HART, STEVE

CHESSEY, CHESS

DRENNAN, MAJ. BILL

STAFF

PRESS

USSS

WHCA

MILITARY AIDE

CONTACT

Presidential Advance Office: 202/456-7565

JAMES KUHN

MARCY HEAD

B7c

GUEST AND STAFF INSTRUCTIONS

9:50 a.m. Proceed to motorcade and board.

9:55 a.m. THE PRESIDENT proceeds to motorcade for boarding.

10:00 a.m. THE PRESIDENT departs en route The Capital Hilton Hotel.

Drive Time: 3 mins.

MOTORCADE ASSIGNMENTS

Lead

Spare

L. Speakes
D. Fischer

Limo

THE PRESIDENT
E. Meese
J. Baker

Follow-up

Control

M. Deaver
Dr. D. Ruge
Military Aide

Support

W. Sittmann
J. Kuhn
Ofcl. Photographer
Medic

WHCA

ID

Staff I

L. Verstandig
C. Howlett

Press Van I

K. Hoggard

Press Van II

Ambulance

Tail

10:03 a.m. THE PRESIDENT arrives Capital Hilton Hotel and proceeds inside to Continental Room.

See Tab A for diagram.

CLOSED PRESS COVERAGE
CLOSED ARRIVAL

GUEST AND STAFF INSTRUCTIONS

Staff manifested through Support accompany THE PRESIDENT. All others hold until THE PRESIDENT has cleared the area and then proceed to staff seating area.

10:05 a.m. THE PRESIDENT arrives Continental Room for photo session.

See Tab B for participants.

OFFICIAL PHOTOGRAPHER ONLY

10:10 a.m. THE PRESIDENT departs en route Presidential Ballroom off-stage announcement area.

Refer to Tab A.

Ruffles and Flourishes
Announcement (off-stage)
"Hail to the Chief"

THE PRESIDENT proceeds to head table and is seated.

See Tabs A and C.

OPEN PRESS COVERAGE

George Miller, President, National Association of Towns and Townships, makes brief remarks and introduces THE PRESIDENT.

10:15 a.m. THE PRESIDENT proceeds to podium for gift presentation by Mr. Miller.

OPEN PRESS COVERAGE

THE PRESIDENT accepts gift and commences remarks.

OPEN PRESS COVERAGE

10:30 a.m. THE PRESIDENT concludes remarks and departs en route motorcade.

Refer to Tab A.

GUEST AND STAFF INSTRUCTIONS

Proceed to motorcade and board.

10:35 a.m. THE PRESIDENT departs en route The White House.

Drive Time: 3 mins.

MOTORCADE ASSIGNMENTS

Same as previous motorcade.

10:38 a.m. THE PRESIDENT arrives The White House.

WITHDRAWAL SHEET

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	RE CAPITOL HILTON HOTEL			B7(E)

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TAB B

NATIONAL ASSOCIATION OF
TOWNS AND TOWNSHIPS

Capital Hilton Hotel
Monday, September 12, 1983
Photo session

Nancy Brown, President, Kansas Association of Townships

Michael Cochran, Executive Director, Ohio Townships Association

B. Kenneth Greider, Executive Director, Pennsylvania State
Association of Township Supervisors

Congressman Frank Horton, R-New York

Wilfred Johnson, President, Indiana Townships Association

George Miller, President, National Association of Towns and
Townships

Ronald Nunnenkamp, President, New Jersey Association of Towns and
Townships

John Oxton, President, North Dakota Townships Association

Senator Charles Percy, R-Illinois

Robert Robinson, Associate Director, Michigan Townships Association

Barton Russell, Executive Director, National Association of Towns
and Townships

David Russell, Executive Director, Connecticut Council of Small
Towns

Floyd Snyder, President, New York Association of Towns

Richard Stadelman, General Counsel, Wisconsin Towns Association

Lothar Wolter, Director, Minnesota Association of Townships

TAB C

NATIONAL ASSOCIATION OF
TOWNS AND TOWNSHIPS

Capital Hilton Hotel
Monday, September 12, 1983
Head Table Seating

A Richard Stadelman

Ronald Nunnenkamp

U Nancy Brown

Robert Robinson

D Russell Barton

THE PRESIDENT

I George Miller

PODIUM

E Senator Charles Percy

N Congressman Frank Horton

Michael Cochran

C B. Kenneth Greider

David Russell

E Lothar Wolter

Wilfred Johnson

John Oxton

Floyd Snyder

THE WHITE HOUSE

WASHINGTON

OPENING CEREMONY FOR HISPANIC HERITAGE WEEK, 1983

DATE: September 12, 1983

TIME: 11:00 am

LOCATION: East Room

FROM: FAITH RYAN WHITTLESEY *FRW*

I. PURPOSE

To open Hispanic Heritage Week, 1983, and to announce the appointment of Katherine D. Ortega of New Mexico Treasurer of these United States.

II. BACKGROUND

Hispanic Heritage Week, 1983, commemorates the contributions Hispanic Americans have made to enriching American culture and life. Officially recognized in the United States since 1968, the celebration corresponds with the 162nd anniversary of Mexico's independence from Spain.

This year, in addition to issuing the traditional presidential proclamation, you are recognizing this major Hispanic occasion by announcing the appointment of the new U.S. Treasurer who happens to be an Hispanic American.

III. PARTICIPANTS

List to be provided by the Social Office.

IV. PRESS COVERAGE

Full press requested.

V. SEQUENCE OF EVENTS

To be provided by the Social Office

Attachment: Remarks provided by the Speech writers.


102 08 - 0 11 8 51

21 11 83

SEQUENCE OF EVENTS: Event
 Opening of Hispanic Heritage Week
 Monday, September 12, 1983

TIME: 11:00 a.m.

LOCATION: State Dining Room/East Room

FROM: Gahl L. Hodges 

10:45 a.m. Guests arrive the Diplomatic Reception Room via the Southwest Gate and proceed to the State Dining Room via the Grand Staircase for refreshments.

11:20 a.m. Guests proceed from the State Dining Room to their seats in the East Room.

11:30 a.m. THE PRESIDENT arrives the State Floor via elevator and proceeds to the East Room via the Cross Hall.

Announcement.

Remarks by THE PRESIDENT.

11:45 a.m. THE PRESIDENT departs the East Room and proceeds to the elevator.

11:50 a.m. Guests may begin to depart.

(Parvin/BE)
September 9, 1983
4:30 p.m.

PRESIDENTIAL REMARKS: KICKOFF CEREMONY FOR
HISPANIC HERITAGE WEEK
MONDAY, SEPTEMBER 12, 1983

Thank you and welcome to the Casa Blanca. I am delighted to have this opportunity to kick-off National Hispanic Heritage Week. Americans of Hispanic descent are rightfully proud of their heritage and I hope this ceremony will draw the entire Nation's attention to the contributions of our Hispanic citizens. I thought that perhaps the best way I could note this occasion would be by reading the proclamation designating this special week, which I signed on August 25th. Let me read directly from it:

"National Hispanic Heritage Week pays tribute to a rich part of America's cultural tradition, offering all Americans a welcome opportunity to recognize the qualities and contributions of Hispanic Americans from earliest colonial times to the present. The dedication to principles of loyalty, patriotism, strong religious faith and devotion to family displayed by Hispanic Americans is basic to the American way of life.

Hispanic Americans have played an important role in the development of our rich cultural heritage and every State has benefitted from their influence. They have distinguished themselves in the arts and sciences, education, industry, government and many other areas of productive endeavor. Indeed, they are a part of all that makes America great.

Just as their forefathers sought a dream in the New World, Hispanic Americans have realized their dreams in our great Nation and will continue to do so. Their dedication to higher purposes reflects what is best in the American spirit.

Through the years, Hispanic American citizens have risen to the call of duty in defense of liberty and freedom. Their bravery is well-known and has been demonstrated time and again, dating back to the aid rendered by General Bernardo de Galvez during the American Revolution.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim the week beginning September 11, 1983, as National Hispanic Heritage Week in honor of the Hispanic peoples who have enriched our daily lives, our traditions and our national strength. In this spirit, I ask all of our citizens to reflect on the sense of brotherhood that binds us together as one people." That is a proclamation I was very proud to set my hand to.

All over this great land, Hispanic Americans are contributing to our democracy, our economy and our culture. Today I am very pleased to announce another contribution that an American of Hispanic descent will be making to this country. I am announcing the appointment of Katherine Ortega to the post of Treasurer of the United States. Katherine, the youngest of nine children, is from Sante Fe, and the descendent of pioneer families who settled in New Mexico during the 1800s. She is

symbolic of the values the Hispanic community represents and I am honored she is to be a part of this Administration.

I am delighted by the increased participation of Hispanic Americans in all phases of the political process. I look forward to the Hispanic community's sound values influencing the course of government.

We need your participation and your beliefs to guide this Nation. Because the hopes and dreams of Hispanic Americans are the same hopes and dreams that founded this country. Become involved and help America become what we all want her to be.

Thank you for coming and God bless you all.

THE WHITE HOUSE

WASHINGTON

September 9, 1983

MEETING WITH THE CABINET COUNCIL ON ECONOMIC AFFAIRS

DATE: September 12, 1983
LOCATION: Cabinet Room
TIME: 3:45 p.m. (45 minutes)
FROM: Craig L. Fuller *CF*

I. PURPOSE

To consider options as outlined in the attached decision memoranda on Unitary Taxation and the Federal Supplemental Compensation Program.

II. BACKGROUND

The Cabinet Council will first discuss the issue of unitary taxation which has been adopted by thirteen states to produce tax revenue from businesses that earn income at home and abroad. The central issue is whether to allow or restrict the states' use of such a method of taxation. Of options discussed by the CCEA, the option that would prohibit states' use of unitary taxation for multinational corporations was favored.

Extension of the Federal Supplemental Compensation (FSC) was a temporary program that provided additional weeks of unemployment benefits to those who had exhausted their entitlement to regular benefits. Extension of FSC, with certain conditions, has been recommended.

III. PARTICIPANTS

Members of the Cabinet Council on Economic Affairs.

IV. PRESS PLAN

None

V. SEQUENCE OF EVENTS

Secretary Regan will present the unitary taxation issue. Secretary Donovan will make the presentation on the FSC.

10 25 83 11 3 23

THE WHITE HOUSE

WASHINGTON

September 7, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: THE CABINET COUNCIL ON ECONOMIC AFFAIRS

SUBJECT: Unitary Taxation

The Cabinet Council on Economic Affairs (CCEA) has given detailed consideration to the issues raised by the states' use of the worldwide unitary tax method. The central issue of whether to permit or seek to restrict the states' use of the unitary method of taxation presents the Administration with a classic "no win" situation. State governments, foreign governments and multinational corporations feel strongly about this issue and many of them have advised the Cabinet Council on their views and the intensity of their feelings. This memorandum outlines the four policy options considered by the CCEA.

Background

The worldwide unitary method of taxation has been adopted by thirteen states to determine the income of a business taxable by a state when the business is carried on by related corporations that operate both within the state and abroad. Under this approach, income from each corporation, domestic or foreign, that is part of a unitary business is combined to determine the income of the corporate group. The amount of this combined income attributable to the business in the taxing state is calculated by a formula that usually includes three factors, the share of payroll, property and sales within the state relative to the totals for the group.

The alternative to the worldwide unitary method of taxation is for states to tax multinational corporations on a separate accounting basis, by allocating income among related corporations according to "arm's length" or unrelated party prices. The separate accounting method does not take into consideration the income of affiliated corporations not doing business within the taxing jurisdiction. It is used by the federal government and by virtually all foreign governments with which the United States has an active trade or investment relationship.

Competing Interests

Foreign governments, in support of their business and investment communities, and domestic multinational corporations assert that

the worldwide unitary method of taxation leads to the taxation of foreign source income by the states and is at variance with the internationally accepted separate accounting method for avoiding double taxation, which the United States has successfully urged other nations to adopt. They also point out that use of the method imposes substantial administrative burdens on foreign-based multinationals because of the need to translate foreign operations into U.S. currency. Moreover, they claim that a failure by the U.S. federal government to restrict the states' application of the worldwide unitary method will encourage other states and less developed countries to adopt similar methods of taxation.

The states argue that they should be free from federal interference in establishing their fiscal systems; the use of the unitary taxation method by the states has been held constitutional. The states also contend that the system of separate accounting permits multinational businesses to shift profits away from their taxing jurisdictions artificially. They further point out that the more complicated system of separate accounting poses major administrative difficulties for them because of a lack of objective standards for determining "arm's-length" prices.

Recent Developments

In a June 27 decision, the Supreme Court upheld California's right to use the worldwide unitary method of taxation as applied to U.S.-based multinationals in Container Corporation of America v Franchise Tax Board. California's success has encouraged at least one state (Florida) to adopt the worldwide unitary method, and it is likely that other states may soon follow. The Container Corporation has applied to the Supreme Court for a rehearing of the case.

In the wake of the Container Corporation decision, virtually all of our major trading partners have expressed strong objections to the unitary tax method and have urged the Administration to: (1) file a memorandum with the Supreme Court as amicus curiae in support of a rehearing in the Container Corporation case; and (2) support federal legislation that would prohibit worldwide combination taxation. (Senator Mathias and Representative Conable have again sponsored similar legislation in the 98th Congress).

Several foreign governments are contemplating retaliatory action. Furthermore, less developed countries may adopt the worldwide unitary method for U.S. and other foreign investors.

Options

Option 1: Retain present state unitary taxation practices. No federal restrictions would be placed on state application of the worldwide unitary method.

Advantages:

- o This would reaffirm the states' sovereignty over their own fiscal structures.
- o Historically Congress has been reluctant to restrict state taxing powers. It is unlikely that, regardless of the Administration's position, Congress will pass any legislation restricting the worldwide unitary taxation method.
- o This would leave present levels of states' revenues unaffected. The Multistate Tax Commission estimates that complete prohibition against worldwide unitary taxation would cost the states \$625 million in revenues, with the bulk of that in California.
- o The worldwide unitary method is easier for states to administer, particularly small states with limited resources.

Option 2: Prohibit worldwide unitary method. The worldwide unitary method would be prohibited both for U.S. and foreign-based multinationals. Income of foreign affiliates could not be included in calculating state tax liability.

Advantages:

- o The worldwide unitary method is inconsistent with the internationally accepted separate accounting method and may therefore lead to double taxation.
- o Failure to act would ignore the objections of foreign governments and leave a substantial irritant in our international relations. Some foreign governments are considering retaliatory action, and some less developed countries may be encouraged to adopt the worldwide unitary method.
- o Existence of the worldwide unitary tax may adversely affect negotiation of tax treaties with foreign governments.

- o The worldwide unitary method imposes a heavy administrative burden on foreign-based taxpayers since they must translate results of foreign operations from foreign currencies to U.S. dollars.

Option 3: Prohibit application of the worldwide unitary method only to foreign-controlled groups. U.S.-controlled groups would still be subject to the worldwide unitary method.

Advantages:

- o This approach would respond to the objections of foreign governments whose legitimate concern is the taxation of their domestic entities.
- o The adverse effect on state revenues would be minimal; perhaps only 5 - 10 percent of all revenues derived from the worldwide unitary method is attributable to foreign-controlled groups.

Disadvantages:

- o To protect only foreign-controlled groups from the higher taxation that may result from application of the worldwide unitary method would discriminate against U.S. multinational corporations.
- o States would likely oppose any restraint on their method of taxation as a violation of their sovereignty.

Option 4: Establish federal minimum standards for application of worldwide unitary method. The worldwide unitary method would be allowed, but the federal government would develop, in consultation with the states, minimum standards designed to ensure that the application of the method does not disrupt international relations or the international economic interests of the United States.

Advantages:

- o This alternative may be viewed as an attempt at compromise between the competing interests of the states, taxpayers and foreign governments.
- o Because this approach would not contemplate immediate action, it avoids possible overreaction to the problem.

Disadvantages:

- o This compromise would probably fail to satisfy any of the interested parties, particularly the foreign governments.
- o The federal government may be unable to implement any minimum standards that are effective in addressing the international concerns.
- o The development of minimum federal standards will further delay final resolution of the problem.

CCEA Recommendation

The CCEA unanimously recommends Option 2. The CCEA recommends that this policy decision to oppose states' use of the worldwide unitary method be implemented by:

- (i) filing a memorandum with the Supreme Court as amicus curiae in support of a rehearing in the Container Corporation case (the memorandum must be filed before the week of September 19); and
- (ii) supporting legislation, developed by the Treasury Department, that would restrict use by the states of the worldwide unitary method.

The foregoing recommendations are made even though it is unlikely that the Supreme Court will grant a rehearing in the Container case or that the Congress will pass legislation restricting application of the worldwide unitary method, even with Administration support. Moreover, it is recognized that the states, whether or not they presently use the worldwide unitary method, will vehemently oppose the Administration on this issue. The CCEA recommendation reflects its view that vital national trade and investment interests are at stake and that use of the worldwide unitary method causes irreparable harm to these interests. It is essential that the Administration take decisive action before more states follow the Florida example and become reliant on the worldwide unitary method.

Decision

- _____ Option 1: Retain present state unitary taxation practices.
- _____ Option 2: Prohibit worldwide combination for both U.S. and foreign-based multinationals.
- _____ Option 3: Prohibit unitary combination for foreign controlled groups only.
- _____ Option 4: Establish Federal minimum standards for application of worldwide combined unitary method.



Donald T. Regan
Chairman Pro Tempore

THE WHITE HOUSE

WASHINGTON

September 7, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: THE CABINET COUNCIL ON ECONOMIC AFFAIRS

SUBJECT: Extension of the Federal Supplemental Compensation (FSC) Program

The FSC program is a temporary program which provides additional weeks of unemployment benefits to individuals who have exhausted their entitlement to regular and/or extended unemployment benefits. The program expires on September 30, 1983. Immediately following the August recess, Congress will begin deliberations on whether to extend the program beyond the current expiration date. Hearings have been scheduled in the House on September 13 and in the Senate on September 16. The Administration must develop a position on an extension promptly.

On September 6, the Cabinet Council on Economic Affairs met to discuss the major issues involved in extending the FSC program beyond its current expiration date. The Council identified three key issues requiring your decision.

- o Whether to support an extension of the program;
- o If so, the duration of an extension; and
- o How many additional weeks of unemployment benefits should be provided in the extension.

The Cabinet Council also discussed the status of two Administration proposed employment initiatives: job vouchers for the long-term unemployed and the youth differential minimum wage for summertime employment. As you recall, these initiatives were proposed last March along with the first extension of the FSC program. To date, Congress has failed to act on our initiatives.

Issue 1: Should the Administration support an extension of the FSC program?

Background

The FSC program was enacted in August 1982 as a six-month program in response to the high unemployment levels of the recession. At that time, the unemployment rate was 9.8 percent and was expected to increase during succeeding months. The number of weeks of additional benefits payable under the original program ranged from 6 to 10 weeks depending upon the severity of unemployment in each state.

During the past year, the program has been modified on three occasions and extended once. As a result, additional weeks of unemployment benefits under the program now range from 8 weeks in low unemployment states to 14 weeks in high unemployment states. In states where extended benefits are payable, these FSC benefits are provided after an unemployed worker has exhausted 39 weeks of benefits. In states where extended benefits are not payable, FSC benefits are provided after the unemployed individual has exhausted 26 weeks of benefits.

In August 1982, one important consideration in deciding to support enactment of a temporary FSC program was that it provided a less costly alternative to Congressional repeal of Administration backed reforms of the Extended Benefit program. These reforms, achieved as part of the Budget Reconciliation Act of 1981, have resulted in significant long-term budgetary savings. During fiscal years 1982-83 the savings totalled approximately \$3 billion. If the reforms remain intact during the next three years, they will produce an estimated \$6 billion in additional savings.

Once again, considerable pressure is mounting to repeal the Extended Benefit program reforms. Currently, the Extended Benefit program is in effect in only three jurisdictions: Puerto Rico, West Virginia, and Louisiana. Louisiana is expected to trigger off in the next few weeks. Several bills have been introduced to repeal the 1981 reforms and pressure can be expected to build considerably when Congress returns on September 12.

Option 1: Support an extension of the FSC program and strongly oppose all attempts to repeal the Extended Benefit program reforms.

Advantages

- o Without an attractive alternative, it will be difficult for Republican Congressmen to vote against repeal of the Extended Benefit program reforms. Administration support for the FSC extension would provide such an alternative.
- o Extension of the FSC program is a relatively small price to pay to preserve the Extended Benefit reforms.
- o Congressional sentiment in both Houses on both sides of the aisle to continue the FSC program is strong and a veto may not be sustainable.

Option 2: Oppose continuation of the FSC program and all attempts to repeal Extended Benefit program reforms.

Advantages

- o While FSC provides needed assistance to many unemployed workers, it deters some recipients from returning to work, thereby slowing the decline in unemployment.
- o Eligibility for FSC benefits is not based on need. It provides benefits to unemployed workers without regard to the recipient's other income or resources.
- o The FSC program provides benefits in all states regardless of the severity of unemployment in the state.

Recommendation: The Cabinet Council unanimously recommends that the Administration support continuation of the FSC program and strongly oppose all attempts to repeal Extended Benefit reforms (option 1).

Approve _____ Disapprove _____

Issue 2: What should be the duration of an Administration supported continuation of the FSC program?

Background

The duration of an Administration supported continuation of the FSC program will have important budgetary and political ramifications during the coming year. The unemployment rate is unlikely to decline below the 8 percent level in the next 12 months. Hence, high unemployment will remain an important economic issue. As a result, any short-term extension is likely to be further extended throughout 1984. Pressure to continue the duration of the program for 18 months will be strong.

With high unemployment in an election year, the basic choice is whether to extend the program through a series of short-term extensions, or to continue the program through a longer single extension.

Option 1: Support a six-month extension of the FSC program.

Advantages

- o If the unemployment rate declines more rapidly than expected, this option leaves open the possibility of reducing benefit durations in a subsequent extension, or allowing the program to terminate.
- o Both the initial FSC program and its prior extension were six-month programs.
- o If a longer extension were supported by the Administration, we would run the risk of House Democrats taking the budgetary cost of the longer extension and applying it to a more generous six-month program.

Option 2: Support an 18-month extension of the FSC program.

Advantages

- o An 18-month extension would force Congress to address the full budgetary cost of alternative extensions and ultimately lead to a less costly program.
- o Locking the program into place for 18 months would reduce the likelihood that Congress would subsequently raise benefits in 1984.

- o An 18-month extension eliminates the possibility of subsequent FSC program becoming a vehicle for Congressional spending initiatives, or for attempts to repeal the Extended Benefit program reforms which will undoubtedly reemerge next summer.

Recommendation: The members of the Cabinet Council are concerned that supporting an 18-month extension would commit the Administration to a long-term \$3 billion expenditure. However, the members also feel that a short-term extension at this time will eventually lead to a series of extensions with a larger total cost. The Cabinet Council on Economic Affairs unanimously recommends an 18-month extension (option 2). The Cabinet Council also unanimously recommends simultaneously pressing for two previously Administration proposed employment initiatives: job vouchers for the long-term unemployed and the youth differential minimum wage for summer-time employment.

Approve _____ Disapprove _____

Issue 3: What should be the duration of benefits provided in an Administration supported extension of the FSC program?

Background

The current FSC program has become unnecessarily complex and overly generous in its benefit durations. The initial FSC program, enacted when the unemployment rate was 9.8 percent and rising, provided three tiers of benefits ranging from 6 to 10 weeks. With the unemployment rate currently at 9.5 percent and falling, the present FSC program provides four tiers of benefits ranging from 8 to 14 weeks. There exists considerable Congressional sentiment to simplify the program.

Although there are numerous options available, the Cabinet Council offers three alternatives for consideration. Two options retain the basic tiered structure of the present program by providing longer weeks of benefits in states with higher unemployment. These two options differ only in their relative generosity. The third option provides the same duration of benefits in all states regardless of the severity of unemployment in the state. The six and eighteen month cost of each option is listed in the following table.

IMPACT ON FEDERAL DEFICIT OF ALTERNATIVE FSC PROGRAMS (\$ in millions)		
	<u>6-MONTH</u>	<u>18-MONTH</u>
6-8-10 Week Program.....	1050	3310
8-10-12 Week Program.....	1200*	3783*
8 Week Program.....	1000	3310
* Preliminary Estimate		

Option 1: Support a three-tiered program providing 6 weeks of additional benefits in states with low unemployment, 8 weeks of additional benefits in states with medium unemployment levels, and 10 weeks of additional benefits in high unemployment states.

Advantages

- o A 6-8-10 program is appropriate at this point in the business cycle. The current unemployment rate is lower than it was when Congress enacted the original FSC program that provided comparable benefits.
- o This program is a lean but equitable program providing longer durations of benefits in higher unemployment states where individuals have more difficulty finding jobs.

Option 2: Support a three-tiered program providing 8 weeks of additional benefits in low unemployment states, 10 weeks of additional benefits in states with medium levels of unemployment, and 12 weeks of additional benefits in states with high unemployment.

Advantages

- o This option, although more costly than option 1, may also be more acceptable to Congress. Currently, 10 weeks of FSC benefits are provided in most states.

Option 3: Support a program that would provide 8 weeks of additional benefits in all states regardless of the state's unemployment rate.

Advantages

- o This option would avoid a problem inherent in a tiered program resulting from the fact that insured unemployment rates are not seasonally adjusted. In virtually all states, the insured unemployment rate declines during the spring and summer causing a reduction in the number of weeks of benefits for which recipients are eligible. This has led the Congress to enact legislation to prevent such reductions.

Recommendation: The Cabinet Council on Economic Affairs unanimously recommends support for a three-tiered 6-8-10 week program (option 1).

Approve _____ Disapprove _____



Donald T. Regan
Chairman, Pro Tempore