



# Capitol Journal

THE KYLE GROUP

Serving the Public and Government Affairs Needs of Business and Associations

The Capitol Journal would like to extend our deepest appreciation to all those who have provided us with valuable feedback and continued support throughout the year!

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Published by  
The Kyle Group  
1301 Pennsylvania St.  
Suite 250  
Denver, Colorado  
80203  
Phone: 303-302-1109  
Fax: 303-853-4909  
ckyle@thekylegroup.com  
www.TheKyleGroup.com

## 957, But Who's Counting?

By Henry "Corky" Kyle, CAE  
The Kyle Group

**9** 57 bills and 120 days later, the **Colorado Legislature** has again completed its task of establishing the public policy of the state. As this year's legislative session came to a close, the House had introduced 597 individual pieces of legislation and the Senate introduced an additional 360 to be considered by the body.

So how does this compare to recent years? Let's take a look at the numbers: 2001 saw a total of 662 bills introduced and 2002 had 731 bills. 2003 saw that number increase to 754 bills. For those of you keeping track, that reflects a **30% increase in legislation over the last three years.**

What does this mean in the political scheme of an election year? First, it is obvious that our state has become more proactive in taking steps towards bringing the business that we want in Colorado, not to mention improving our overall quality of life. Citizens are more frequently looking to the legislature to identify and handle an increasing number of issues as social and economic situations change.

And second, this is an election year! That's right...everyone was out to establish a voting record that would assist in their re-election, or for those who have chosen not to run again or were term-limited, to add to their résumé's while seeking new employment opportunities.

Given this trend, it looks like we can expect continued increase in the amount of legislation introduced and rapidly acted upon. Which in turn means that there must be continued interaction with prospective and incumbent legislators

to assure that your political agenda remains part of the political psyche of the legislature.

Politics require commitment. Only by being proactive in the government affairs of your association can you ensure that your industry's needs and concerns are at the forefront of the body politic. Some steps for remaining involved include establishing a political education program, increasing your association's membership activities, and directing financial support to the PAC fund and "Small Donor Committee".

*All politics is local* as the old saying goes. Associations are local and the catalyst for getting things done in the legislative arena. Stand back Colorado, here they come. ◦

## Hearing Rescheduled on Pending Fax Bill

**D**ue to the memorial services for Ronald Reagan, a hearing regarding the *Junk Fax Prevention Act* was moved to June 15.

Many associations and businesses are seeking a legislative solution to the **Federal Communications Commission's** (FCC) proposed fax regulations, due to go into effect early 2005, seeking the re-institution of the "established business relationship" (EBR) provision that had governed fax communications for over 10 years and was discarded by the FCC in its new rulemaking.

Without the EBR provision, associations would face the burdensome task of attaining prior written consent of every individual receiving a commercial fax. ◦



## IRS Exempt Advisory Panel Focuses on Enforcement

The Internal Revenue Service's (IRS) Advisory Committee on *Tax Exempt and Government Entities* (ACT) held its annual public meeting on June 9, during which five project teams presented recommendations to the Commissioner and leadership of the IRS's *Tax Exempt and Government Entities* division. The recommendations of relevance to exempt organizations strongly emphasized enhancing EO enforcement and compliance.

IRS Commissioner, **Mark Everson**, said that targeting abuse of charities is one of his top enforcement priorities. Everson also said that he is preparing for a scheduled June 22 *Senate Finance Committee* hearing on governance practices and "current problems and issues" in the charitable community. "If we do not act to guarantee the integrity of our charities, there is a risk that Americans will lose faith in and reduce their support more broadly for charitable organizations, damaging a unique and vital part of our nation's social fabric," Everson stated.

Recommendations made in the ACT report include ensuring that the IRS follows through on its commitment to hire 72 additional EO examination agents by the end of Fiscal Year 2004 and to improve its current training for agents and examiners. Additionally, the EO Division should establish a standing Form 990 review committee to continuously evaluate the quality and utility of the information being submitted on Form 990. The EO Division should increase the number of "limited scope" audits it performs as well as the number of "soft" contacts it makes each year. It was also declared that the EO Division should consider making electronic filing of Form 990 mandatory for organizations with assets and/or annual revenue over a certain amount, and should more regularly issue technical and precedential guidance for the exempt community. The EO Division should vigorously support an amendment to the Internal Revenue Code permitting the Division to share information and coordinate enforcement efforts with various state regulatory agencies also responsible for exempt organization oversight. ○

## Exempt Applications Reached All Time High in 2003

Jumping off the page in this year's IRS Advisory Committee on *Tax Exempt and Government Entities* (ACT) report is the disclosure that the number of exempt applications filed with the IRS reached an all-time high of 91,439 last year. As a result, there are now more than 1,640,949 exempt organizations in the U.S. and over 964,418 of those have been granted 501(c)(3) status as either public charities or private foundations.

The ACT group cites these statistics in its recommendation for staff increases in the EO Division. The EO Division's current examination rate has fallen below 1 percent, ACT said. "Given the explosive growth of the exempt sector over the last several decades, there is no getting around the fact that significant staff increases will be required if EO is to do a truly credible job of overseeing this rapidly-expanding and vital sector of the economy" the report states.

It is expected that organizations filing for tax-exempt status will continue to grow over the next decade. ○

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## A Friend at the Capitol: The Importance of Utilizing a Contract Lobbyist

**Bonus Article by Corky Kyle**

*Article first published in September 2003*

Whether you are the manager of a large trade organization or the concerned owner of a small local business, it pays to take a closer look at the benefits to utilizing a professional contract lobbyist. Clients employ contract lobbyists to gain access to oftentimes unobtainable government offices and to assist in developing strong relationships with their elected representatives. A contract lobbyist will provide experience, suggest strategies and disperse professional advice that can bring about proactive changes for the client or firm.

### What Does A Contract Lobbyist Do?

First and foremost, a contract lobbyist works to identify the issues important to the client and delivers on-site intelligence on these issues. Furthermore, a contract lobbyist provides knowledge of the legislative process and offers clear insight into the unique culture of that particular legislative body. Only by bringing the credibility that a local, trusted participant in the process has earned through years of interaction with legislators and regulators can one develop a concise strategy for their legislative campaign. In short, a contract lobbyist serves as a dedicated advocate for your position, day in and day out.

### Characteristics of a Contract Lobbyist:

A good lobbyist should possess a clear understanding of the legislative process and have a strong working knowledge of the specific area of law that pertains to your issue. A record of compliance with the lobbying ethics law helps to indicate that the lobbyist is fair and honest, and will work in a just manner to promote the cause of your firm or organization. In addition, qualities to look for in a lobbyist should include:

- *Access to key players*
- *Strong communication skills*
- *Ability to "sell" an idea or concept*
- *Ability to develop strategy*
- *Ability to take on multiple tasks*
- *Time to devote to your project*
- *Ability to build and work with coalitions*

- *Top-notch reputation*
- *Number of years in the business*
- *No conflicts of interest*

That last one is of particular importance. It is crucial that you communicate to the lobbyist what your position is and what you hope to achieve in order to ensure that your business partnership is mutually beneficial. ◦

## Association Web Usage Continues to Grow

According to a survey conducted by *The State of Association E-Business*, the vast majority of associations now have integrated web sites, and the capabilities of those websites are growing.

The survey showed that communicating with members was ranked as the most valued e-business activity, followed by advertising the association, marketing products and services online and providing online education. Improvement in communication with members has been attained by 86 percent of the associations that have an Internet website. The study revealed that associations recruited an average of 4 percent of their membership using the Internet. Likewise, 2 percent of suppliers were recruited using the same method.

While nearly all associations recognize the value in having a website, the study also revealed that many do not have the staff size to host their web sites in-house. With staff size being a major factor, the majority of associations (68 percent) outsource the hosting of their Internet websites.

Although many associations reported that their technology systems for e-business are not yet integrated with functions like accounting and registration, 69 percent said they are soliciting sensitive information and have a secure server for e-business transactions.

Overall, 54 percent of associations viewed generating revenue online as an important activity. The study reveals that associations are using their websites to sell much more than to buy products and services. Among associations engaged in e-commerce, 56 percent said they collect payments over their websites. ◦





## What State Legislators and Regulators Should Know About America's Associations

Article provided courtesy of ASAE

Article first published in August 2002

**C**olorado is fortunate to have a tremendous number of trade and professional associations calling our state their home. According to the **Colorado Society of Association Executives (CSAE)**, there are over 500 nonprofits currently operating in the State of Colorado alone. These 500+ nonprofits represent many diverse groups that offer legislators and regulators a remarkable informational resource that is credible and factual in their delivery of information to the public and public policy makers. With a major election coming up in just a few months, candidates and incumbents are seeking out the association community for knowledge and information on their respective issues.

Lawmakers and their staffs can rely on associations as trusted partners to help government run smoothly. There are more than 135,000 trade, professional, and philanthropic associations that exist at the local, state, regional, and national levels in the United States!

Associations provide a wealth of support and resources that help federal, state, and local policymakers do their jobs easier and better serve their constituents. For example:

**Information:** Associations are vital sources of research and data. We collect and disseminate information on industries, issues, and trends providing valuable background for legislation, testimony, campaigning, and speeches. Our issue education enables a variety of viewpoints to help shape policy and voting decisions.

**Constituent Contact:** Associations connect citizens with their government. Associations serve as a "dual gateway" for staying in touch with constituents. Citizens use associations as a mechanism to convey their views on issues to their elected officials. Our meetings, conventions, special events, and publications provide a venue for elected officials to communicate with those they serve.

**Standard Setting:** Our standard setting and certification programs control the size of government and save taxpayers money. Studies show that associations invest over \$1.1 billion per year setting and enforcing standards and certifications. These association programs allow entire industries to regulate themselves and safeguard consumers so that new government regulations are not required.

**Associations:** Associations play a unique role in the democratic process, leading to the misperception that we are primarily lobbyists. Yet "lobbying" accounts for only a fraction of our budgets.

**Skill Building and Professional Development:** Americans continue to learn after they leave school through their associations. In fact, 95% of association's offer skill building and professional development programs to their members; the single most common association function. Thanks to associations, America's workforce remains competitive and skilled in the latest techniques, trends, and technologies.

**Community Service:** Associations help preserve America's sense of community. Americans devote more than 173 million volunteer hours each year, time valued at more than \$2 billion, to charitable and community service programs through their associations. Members pool their resources and talents to help the needy, provide disaster relief, mentor youth, clean up the environment, and more.

**Economic Impact:** Associations are economic engines that fuel America's prosperity. Associations pump billions of dollars into the economy and create hundreds of thousands of good jobs. Our meetings and conventions generate billions more in revenue for cities. Although associations operate as tax-exempt organizations, our operating expenditures generate billions of dollars in tax revenues annually from property taxes, payroll taxes, sales taxes, and 35 other types of taxes. ○

\*Research conducted in 1998 for ASAE.

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