



Promotional Products Association International Legislative Action Campaign November 2009

For many years, PPAI has had a voice in Washington, D.C., to promote and protect the interests of the promotional products industry and small business interests in general. And recently, that voice was needed more than ever. The past two years have brought increased scrutiny of promotional products by the health care industry, special interest groups and product safety advocates. It is increasingly important that all promotional products professionals take the time to become educated on the external forces now influencing our marketplace. The list of rules, regulations and codes is long—and it is growing.

Background – What Happened and When

Before we move forward, we need to take a step back and look at what has transpired over the past two years, during which we witnessed a true sea change in the level of scrutiny of our industry.

- In spring 2008, Massachusetts proposed a law that would have prohibited the distribution of promotional products to anyone in the healthcare field and any member of their immediate families.
- In July, PhRMA issued its voluntary code of conduct banning the distribution of any materials of a non-educational nature to physicians.
- Shortly after that code was announced, Massachusetts removed the prohibition against promotional products.
- Then the Advanced Medical Technology Association (AdvaMed) announced plans to revamp its code of conduct to mirror the PhRMA code.
- The Massachusetts Department of Health issued its own Marketing Code of Conduct.
- Consumer advocacy groups continue to push for healthcare reform resulting in 20 states considering some form of legislation.
- **On January 22, 2009**, Senators Grassley and Kohl rang in the New Year with the introduction of S.301—the Physicians Payments Sunshine Act.
- **On January 23, 2009** (within less than 24 hours), PPAI responded to that legislation by issuing the first “PPAI Action Alert” of the year.
- And now, just 10 months later, PPAI members have sent nearly 7,500 emails to Washington voicing opposition to legislation, have taken the message directly to Capitol Hill through face-to-face meetings with elected officials and our incoming chair, Scott Siegel, MAS, of R.S. Owens, has

participated in meetings related to small businesses in the White House itself with President Obama.

Purpose Of PPAI's Legislative Campaign

PPAI is visible, vocal and active in Washington and we are working behind the scenes, too.

- Lawmakers must understand the value and benefits of promotional products.
- Rules, bans and codes seem to be presented without clearly understanding the impact on this \$18 billion industry.
- It is our collective responsibility to make sure the legislators understand the value of promotional products as essential elements in the advertising and marketing mix.

Key Legislative Issue

There is one key bill we are fighting on a federal level—

The Physicians Payments Sunshine Act (formerly known as S.301) has been absorbed into Section 6002 of the Draft Senate Leadership healthcare reform bill—the Patient Protection and Affordable Care Act.

This bill establishes a new Section 1128G that includes a requirement that “manufacturers” (e.g. pharmaceutical companies) report transfers of value to covered recipients (e.g. physicians). Anything valued at less than \$10 must be reported once an annual aggregate of \$100 is met.

Our challenge with the legislation is that aggregation includes payments of any kind, not just providing promotional products. Further, manufacturers would have to keep records of all under \$10 items provided to determine whether the annual aggregate is met. If manufacturers must “keep track” of every transfer of value, they will simply stop providing such items to avoid the administrative burden and expense.

We are asking that Subsection 1128G(e)(10) be revised to eliminate the recordkeeping for promotional products. By narrowing the definition of the exclusion, it will ensure reporting of other transfers of value of small amounts such as cash payments and meals.

It is critical that we voice our concerns now—and let our elected officials know this legislation will cause profound harm to the promotional products industry.

Steps To Achieve Goals

PPAI has instituted a “no stone unturned” program to maximize member attention and actions. This program includes webinars, emails, voiceblasts, advertising

and continued outreach to all members, driving both grassroots and grassroots legislative efforts.

The Association has invested in a team and tools to monitor and analyze legislative issues and threats, and mobilize the industry to respond and voice their concerns to legislators.

- **John Satagaj**, PPAI legal counsel and chief Washington lobbyist. Satagaj is a long-time Washington lawyer, specializing in small business, trade association and tax matters. He is the president of the Small Business Legislative Council (SBLC), a permanent, independent coalition of nearly 70 trade and professional associations that share a common commitment to the future of small business. Satagaj has also testified before many Congressional committees and speaks frequently to business trade groups.
- **Robert Drummer**, Washington lobbyist. With more than 15 years of experience, Drummer has a proven track record of successfully accessing and influencing federal policymakers on a myriad of small business regulatory and legislative issues. Prior to forming his own firm, Drummer & Associates, he served as vice president of government affairs and general counsel for the American Moving and Storage Association, a national trade association representing more than 3,000 professional household goods moving companies.
- **Anne Lardner**, senior manager, public affairs, develops action plans in response to critical issues on both federal and state levels, communicates those issues to membership and drives grassroots efforts to combat or support issues that affect the industry.
- **Hope Tackaberry**, senior manager, regional relations, works through regional association legislative committees to drive grassroots lobbying efforts.
- **Regional Legislative Programs:**
 - As of today 27 regional associations have Regional Association Legislative Committees in place tasked with educating and mobilizing members through trade shows, education events, newsletters, emails, et al.
 - Over the past four months, virtually all regional shows have had a legislative table on the show site to encourage members to take action. PPAI has provided legislative marketing kits to all chairs, briefed regional volunteers in advance of the events and provided “calls to action.”
- **PPAI’s Government Relations Action Council.** This Special Interest Council will focus on government relations and serve as a volunteer group to assist the efforts of PPAI lobbyists and staff in influencing legislation and regulations affecting the promotional products industry. Membership in this council includes:
 - Eric Ekstrand, MAS, The Mort C. McClennan Co., Chair

- Karie Cowden, MAS, Connect The Dots
- Barbara Dail, MAS, The Creative Solution
- Dale Denham, MAS, Advertising Specialty Institute
- David Engel, MAS, Greystone World Resource Development
- Wing Hughes, MAS, Forrester-Smith, a division of Geiger
- Cheryl Landman, MAS, PSIncentives (PSI)
- Dale Limes, MAS, HALO/Lee Wayne Corporation
- Steve Meyer, MAS, Molenaar, LLC
- Geoffrey Patack, Broadway Marketing
- Margie Price, MAS, Premiums Plus Inc.
- Candace Sessions, TravelChair
- Anthony Stover, MAS, Promo Marketing
- **StateNet:** Invested in legislative tracking system that is monitored by staff daily. Flagged more than 1,500 pieces of legislation that fit monitoring criteria set by PPAI. Effective tool in early identification of legislation on a state-level. System now developed in conjunction with RAC that will allow for effective triage of state-based legislation and development of action plans.
- **PPAI LAW.** The PPAI LAW site, www.ppailaw.org offers quick links to take action and learn about key industry issues on both a national and state level. Individual pages are maintained for each state. All action alerts, sample letters and links to legislative websites are posted to this site. Specific sections are available to drill down to state-level legislation, state revenue and employment statistics. This site also offers links to CapWiz, the premier political advocacy site, which automates and records the grassroots advocacy process. As of November 23, 2009:
 - 7,488 letters have been sent through this program to lawmakers by 3,094 total activists.
 - January-March 2009: 846
 - April-June 2009: 1,835
 - July-September 2009: 2,621
 - October to present: 1,943
 - The top five states in terms of activity are: Texas, Illinois, California, Florida, Pennsylvania
- **Little Black Book of Legislative Success** which summarizes GR outreach on a local level as well as state revenue and employment figures to support lobbying efforts. This book has been distributed to all regional associations.
- **Regional Fly-ins:** In response to PPAI and GRAC requests, the following regional associations have traveled to Washington to meet with legislators from Florida, Ohio, New York, New Jersey and Minnesota: Gold Coast, OPPIA, PPAF, SAAGNY, UMAPP
- **Member Outreach:** In addition to all electronic communication, direct communication to more than 700 members via Women's Leadership

Conference, Leadership Development Workshop, North American Leadership Conference, Special Markets Dialog, RMRPPA, SPPA, GAPP, PPAS, SACDV, MiPPA and AZPPA, regular webinars, board members and senior staff. Will continue to provide this support to all interested parties.

- **Social Media** presence on Facebook and Twitter

Product Safety Powered by PPAI:

In addition to the depth of the government relations program, PPAI has been closely monitoring issues related to product safety regulations for many years, through lobbying efforts, coalition building, education and editorial coverage.

In 2009, our focus has rested primarily on the Consumer Product Safety Improvement Act of 2008 (CPSIA). We instituted the “No Member Left Behind...” campaign to ensure that all product safety information is made available to members and non-members to promote compliance with CPSIA as well as all other applicable product safety issues.

Background:

- Senator Pryor introduces CPSC reform bill September 12, 2007.
- PPAI issues action alert October 22, 2007
- PPAI joins CPSC coalition
- In January 2008, PPAI releases Guide To Managing Responsibility for Product Safety, Social and Environmental Standards
- PPAI launches website dedicated to product safety
- The CPSIA signed into law August 14, 2008.
- PPAI releases Guide To Navigating The CPSIA

2009 Steps to Achieve Goals:

- **PPAI Tracking Label Solution:** PPAI developed a tracking label solution in time for members to meet the August 14, 2009 implementation deadline. This simple, web-based solution allows members and non-members to comply with CPSIA regulations. As of November 9, 40 companies are using this system with 313 products registered.
- **Monthly Webinars:** Addressing all aspects of CPSIA, led by STR testing lab. Webinars fill to capacity each month. Topics include:
 - CPSIA and the Promotional Products Industry
 - Focus on Drinkware
 - Focus on Apparel
 - Focus on Writing Instruments
 - CPSIA: Children’s Products
 - CPSIA: A Year Later...A Look Back

- CPSIA: Tracking Labels
- What Distributors Need to Know
- What Suppliers Need to Know
- **Product Safety Presentations by STR:** SAAC, NALC, Promotions East
- **Coalitions:** Work cooperatively with other organizations to voice opposition to the CPSIA, joining coalitions and signing petitions:
 - NAM Review CPSIA Implementation
 - NAM Tracking Label Stay Request
 - NAM Tracking Label Petition
 - NAM CPSC Petition
 - NAM CPSC Coalition Letter To U.S. Senate
- **Meetings with CPSC:** Ongoing meetings by John Satagaj in Washington. In April, staff traveled to Washington to meet with CPSC staff to present the challenges posed by the CPSIA on the promotional products industry. Will again travel to DC to participate in 2-day workshop on compliance and product testing in December.
- **Capitol Hill Rally** to voice opposition to the CPSIA
- **Product Safety Webpage:** Continual updates to keep this site relevant to membership. Host to most recent CPSIA announcements, guidance and all PPAI education and supporting material related to product safety. Created an iconic link for use by all regional associations to allow them to direct their members directly to the product safety site.
- **Resource Library** of articles and updates to PPAI Business Media including:
 - [Phthalates: A Comprehensive Guide](#)
 - [Environmental Lessons for Dummies](#)
 - [Raising the Bar on CSR](#)
 - [Suppliers' Forum Brings Product Safety Into Focus](#)
 - [Taking Risks](#)
 - [REACH Registration Rules](#)
 - [To Protect And Defend](#)
 - [NAM CPSC Coalition Letter To U.S. Senate](#)
 - [We're All In This Together](#)
 - [Sourcing Overseas](#)
 - [What You Don't Know Can Hurt You](#)
 - [Don't Be Blindsided by Prop 65](#)
 - [Indecent Proposition](#)
 - [What Does Prop 65 Mean To You?](#)

Prop 65: A Quick Summary

- August 2006: PPAI hosted Prop 65 webinar for membership
- August 2006: Issued Legislative Alerts urging all members to contact their representatives to express opposition of Prop 65
- November 2006: PPAI hosted another Prop 65 webinar for membership
- January 2007: PPAI hosted town hall meeting at The PPAI Expo 2007 focused on Prop 65 and released An Orientation to Prop 65
- March 2007: PPAI Staff attended and reported on the Prop 65 Clearinghouse Annual Conference to obtain latest Prop 65 trends and issues
- June 2007: PPAI Hosted Suppliers Forum and addressed both Prop 65 and emerging global safety issues
- June 2007: PPAI Formed The Global Strategy Council
- January 2008:
 - Published Guide to Product Safety, Environmental and Social Responsibility
 - Hosted Product Safety Panel at The PPAI Expo 2008
 - Reviewed product safety issues and concerns at The PPAI Expo 2008
 - February 2008: Hosted webinar on product safety and responsibility
 - April 2008: National Education Day for Regional Associations focused on product safety and responsibility
 - May 2008: Hosted webinar addressing quality assurance programs
 - June 2008: Product safety addressed at Promotions East and key topic during Suppliers' Forum

PPAI will continue to monitor, report and analyze issues that will affect the promotional products industry. As an Association, we call on all industry professionals to respond to the action alerts and e-mail, call, fax, write and visit their elected officials to ensure that our collective voices are heard to protect the well-being of the promotional products industry. We encourage you to visit www.ppailaw.org and make your voice heard.