

# IWLA Strengthens Its Voice in Washington



by Kathleen Hickey

IWLA members successfully took their concerns to Capitol Hill in June, advancing issues affecting warehouse operations at the Association's D.C. Fly-In. With the assistance of IWLA, more than 40 member company representatives met with more than 60 senators, representatives and government officials to educate them about the impact of the pending Business Activity Tax Simplification Act (HR 1956) on the industry, as well as public warehouses' stance on Customs-Trade Partnership Against Terrorism (C-TPAT) certification rules.

Robert Auray Jr., president of AFH Logistics Solutions and immediate-past chairman of IWLA, gave the Government Affairs Fly-In event a thumbs-up. "IWLA is opening doors for us," he said. Auray met with Rep. J.D. Hayworth (R-AZ) and Sen. Jon Kyl (R-AZ). Hayworth is a member of the Committee on Transportation and Infrastructure.

"Both were sympathetic, and admitted having a better understanding of the issues after our discussion," said Auray, who noted that "IWLA did a good job of preparing us for the meetings. We had documents to leave behind so our representatives understood our position."

Two key issues IWLA members lobbied for were exemption of public warehouses from HR

1956 and inclusion of warehouses in C-TPAT certification.

HR 1956 establishes a 21-day time period for determining a company's "tax presence" in a state. Under the Bill, warehouse customers could become liable for state inventory and franchise taxes, as well as state income taxes, if goods are stored in a public warehouse for more than 21 days.

The tax "ends up being a tax on our customers," said Auray.

And since IWLA members pay taxes, "it's double taxation," said Patrick O'Connor, IWLA Washington representative and president of Washington law firm Kent & O'Connor. Additionally, public warehouse customers may redesign their distribution network to avoid states with a Business Activity Tax (BAT), thereby distorting the supply chain, he said.

Members also lobbied for inclusion in C-TPAT, a voluntary government-business initiative to improve international supply chain and U.S. border security. "The issue for us is why they have excluded us from the process of being certified," said Jere Van Puffelen, co-founder of PRISM Team Services, Danville, CA. "Our customers are required to be C-TPAT certified. Carriers are required to be certified. Our customers are asking for us to be C-TPAT certified,"



Rep. Peter Sessions (R-TX) addresses members at IWLA's D.C. Fly-In breakfast.

he said. Public warehouses perform the same functions as private warehouses, which can be certified.

Without C-TPAT certification, warehouse operators such as Van Puffelen must comply with numerous, arbitrary C-TPAT regulations set by customers. "U.S. Customs has deputized the customer," to give C-TPAT certification guidelines, which can be different for each customer, he said. "There should be a uniform standard."

The result of this reasoning was at least one "ah-ha" moment for a key congressional staffer. Mandy Bowers,



Rep. Ralph Regula (R-OH) urges IWLA members to become involved in the political process.

a senior public policy staffer for House Homeland Security Committee member Rep. Dan Lungren (R-CA), admitted that going into a meeting with several IWLA members, prospects and Association staff, she wasn't convinced that public warehouses should be included in C-TPAT certification. However, after attending IWLA's National Providers Luncheon, which was held in conjunction with the D.C. Fly-In, she agreed that "you really make a sound business case for being included in C-TPAT."

Before leaving the meeting, Bowers urged IWLA to provide specific business case examples that she could share with

## BREAKING C-TPAT NEWS

As a direct result of IWLA's Fly-In, Customs and Border Protection (CBP) asked the Association to submit a list of "Best Practices" for public warehouses to follow. This is a compromise position that stops short of admitting IWLA members to the C-TPAT certification process, but is on track with the Association's overall goal. A subcommittee led by IWLA board members Linda Hothem of PACAM Services and Jamie Wally of WOW Logistics quickly created a document that was vetted by the Government Affairs Committee and submitted to CBP in late August.

"This underscores the importance of IWLA's advocacy efforts and the need for its member companies to participate in the public policy process," said Joel Anderson, association president & CEO. "Before this meeting, we were a blip on their radar screens; now thanks to the wonderful Fly-In turnout and persuasiveness of our members, our industry is being offered a seat at the table and the chance to shape an issue that is vital to many of our members."

For updates on this developing story, read *THIS WEEK @ IWLA*, or check [www.iwla.com](http://www.iwla.com).

## IWLA Rolls Out Legislative Action Center

Grassroots mobilization is a powerful weapon in the arsenal of issues advocacy. Studies show that direct communication from constituents is the single most effective way to influence a lawmaker's vote.

In an effort to facilitate members with this process, IWLA is offering a new resource – its new Legislative Action Center. Initiated by the Government Affairs Committee, chaired by Doug Sibila of Peoples Services, the Legislative Action Center is designed to be a premiere source of political intelligence for IWLA member businesses.

Members are encouraged to browse the Action Center and become familiar with the issues impacting our industry. Take advantage of the tools available to your company as an IWLA member by going to <http://www.bipac.net/page.asp?content=startpage&g=iwla>.

Rep. Lungren and other members of the Homeland Security Committee. She also asked the Association to develop guidelines to present to Customs, saying that the expert testimony IWLA and its members can provide is just the sort of information the committee

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wants to help it make important decisions. (See *BREAKING NEWS sidebar on page 9*)

Benjamin Gordon, IWLA board member and managing director of BG Strategic Advisors, who himself served as a congressional staffer years ago, acknowledged the wisdom of such an approach, “because Washington responds to people who take the time to show up. Secondly, now is an important time in the regulatory environment. [And] there is a benefit companies gain comparing notes on respective business issues – you can learn something from your peers.”

“There is strength in repetition of message,” added O’Connor. “We need to marshal the intelligence firepower of IWLA.... One member meeting his or her representative helps. But 50 members is better.”

Rep. Peter Sessions (R-TX) spoke at the Fly-In breakfast and urged IWLA members to educate their representatives on the warehousing industry. “We need more of you to become engaged,” said Sessions, an important member of the House Rules Committee, the group that determines what legislation makes it to the floor for a vote.

He noted that, because of his close relationship with former IWLA chairman Darby Strickland of Shippers Warehouse, Inc., he has an excellent knowledge of the uniqueness of public warehousing and how pending BAT legislation could hurt the industry. However, Rep. Sessions admitted that many of his colleagues aren’t so well-versed. He applauded IWLA’s hosting of the Fly-In, calling it a giant step forward in lifting the industry’s profile on the national stage and urged attendees to meet with their elected representatives to educate them on the needs of the warehouse logistics business.

“Know your member of Congress. Your member of Congress needs to know you,” Sessions said.

And that is what the Government Affairs Fly-In achieved, according to members. “IWLA, through its advocacy programs and Pat O’Connor, is our voice on the hill,” said Auray. “Because of them, members of Congress and their staff understand our concerns.” ✱

*For more information on IWLA’s Government Affairs activities, contact IWLA President & CEO Joel Anderson at [janderson@iwla.com](mailto:janderson@iwla.com).*