



ELFA Advocacy Milestones

THE YEAR 2011 MARKS ELFA'S 50th anniversary. Throughout the year, *ELT* will look back on the association's history and highlight key milestones and members who helped to shape the organization. For the third story in the series, we look back at advocacy milestones.

Throughout ELFA's history, advocacy has been a cornerstone of the association's efforts on behalf of the equipment finance industry. Following is a brief—and by no means comprehensive—list of federal and state government relations highlights over the past 50 years:

- 1962** Kennedy Administration proposes Investment Tax Credit to stimulate investment. In its first major advocacy effort, the association advocates to make lessors eligible for the credit.
- 1982** Safe harbor leasing repealed as part of the Tax Equity and Fiscal Responsibility Act.
- 1984** Pickle depreciation limits for leasing to tax-exempt entities enacted.
- 1986** Investment Tax Credit repealed in the Tax Reform Act of 1986.

ELFA Members Reflect on Advocacy M



“Over the last 40 years, our association has done an incredible job representing our somewhat esoteric financial product in the ever-changing winds of Washington, D.C. We are now recognized as a critical component to capital formation for corporate and small business America. ELFA's advocacy not only watches our back but also gives us a louder unified voice.”

PAUL J. MENZEL, CLP, President & CEO, Financial Pacific Leasing, LLC; ELFA Director 2004-07

“When the Investment Tax Credit was in place, that was a wonderful time. That's when the business was easy for those with a tax appetite. When the ITC went away, it was a big change. It seemed like every year or every other year, there was always something, either the ITC going away or accounting changes. There was doom and gloom and people came out of the woodwork and said the industry was going to go away. But this is a resilient industry. It's been resilient because of good leadership and the involvement of the membership. This has allowed the industry to weather some of the things that came at it over the years.”

RON ORNDORFF, former President and CEO of M&I Leasing (now M&I Equipment Finance); ELFA Director 1984-87, Vice Chair 1987-89 and Treasurer 1990-97



“I am loath to admit that I remember when the Investment Tax Credit of 1962 was instituted and the nascent leasing industry exploded. At that time ... the leasing industry was a small-ticket/deal-by-deal/fairly local business. By the time I joined US Leasing in 1968, the industry was booming, leveraged leases had become the ‘hot product’ and San Francisco had become the center of the leasing universe. Regulators (both government and accounting) shaped the modern-day leasing product and will always have potentially dramatic impact ... Strong advocacy by ELFA is an absolute imperative.”

TOM WAJNERT, US Leasing 1968-84; AT&T Capital 1985-98; ELFA Chairman 1995-97 and Foundation Chairman

- 1988** Association’s political action committee, LeasePAC, founded.
- 1993** State government relations commences with direct lobbying in state capitols.
- 1994** California Manufacturer’s Investment Credit (MIC) extended to leasing.

Congressional legislation enacted facilitating securitization of leases to small businesses.
- 2002** Lease definition and sourcing rule negotiated for the Streamlined Sales Tax Agreement between state governments.
- 2004** Congress enacts the Jobs Act of 2004 that changed the tax treatment of leasing to tax-exempt entities.
- 2005** Congress enacts Graves Amendment, which insulates lessors of motor vehicles from state laws that impose vicarious liability on the owner for negligent acts of the operator.

Major federal bankruptcy reform legislation enacted, including favorable change in “ordinary course of business” rule for equipment leasing.
- 2009** Congress enacts favorable rules for lease financing of renewable energy projects.

Term Asset-Backed Securities Loan Facility (TALF) financial stability program expanded to include equipment leases and loans as an eligible asset class.
- 2010** Dodd-Frank financial reform legislation enacted, providing new framework for securitization in equipment finance.

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“Advocacy is a pillar of the association—it’s one of the association’s reasons for being. We all think very highly of the industry and we are proud to be part of it, but at

the end of the day, in terms of the number of companies in the industry, by sheer size it does not have a lot of leverage or power. I have always been amazed by the job the association is able to do despite not having great leverage. We’ve been able to make a real impact on government relations matters, not because we represent unions with millions of members, but because we represent sound ideas.”

JOHN C. DEANE, Chief Executive Officer, The Alta Group; ELFA Chairman 1991–93



“In my judgment, the major milestone was a five-year period, 1981–1986. During this period the major tax issues as they relate to equipment leasing were settled to

form the basic framework for the industry that still exists today. Leasing was a part of four major tax bills in a row, and this presented a great danger to the industry and its ability to use equipment ownership tax incentives as an owner-lessor in the same way as an owner-user—the principle of ‘the level playing field.’ During this period, equipment leasing’s profile was raised with new potential customers and institutions establishing leasing companies internally as ‘smart business.’”

MIKE FLEMING, ELFA President, 1979–2006



“Government relations has been an important part of my involvement with ELFA, realizing the voice of many is louder than a single voice when

advocating a position with the government. Our industry was very fortunate in late 1992 when the association’s board decided to split the Government Relations Committee into two committees, one for federal and one for state, and then hired two very experienced and qualified lobbyists to direct the association’s advocacy programs in the respective committees. I’ve served on the Government Relations Committee since 1989 and have witnessed countless stories of success that are largely attributable to the direction provided by the association and the volunteerism of countless association members. We are truly an association to be proud of.”

VALERIE PFEIFFER, The Tax Coefficient

Test Your ELFA Knowledge:

What two companies are the longest-serving members of the association?

Answer: M&I Equipment Finance, which joined the association in 1964, and De Lage Landen Financial Services, which joined in 1969