

The top of the page features a background image of the United States Capitol dome and an American flag. A red horizontal bar spans across the image, containing the date and website information.

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# KELLEN WASHINGTON REPORT

*This is the first issue of the KELLEN WASHINGTON REPORT to keep clients abreast of upcoming developments that may impact their companies or industries. It will normally appear biweekly, with periodic special editions as circumstances dictate.*

## ***A Democratic rout?***

Much can happen between now and election day, but the media are increasingly predicting a Democratic rout.

Top Washington election guru Charlie Cook (The Cook Report) is predicting that the Republicans may gain as many as 70 seats in the House. 39 would be needed to gain control.

Most forecasts suggest Republicans will gain at least 50 House seats. *(See list of the 50 seats considered most vulnerable.)*

The latest Gallup survey shows the largest lead for Republicans in the 70-year history of its election forecasts: 51 to 41 percent. This would be more than enough to give Republicans control of the House by a comfortable margin and a possible majority in the Senate.

Gains of up to 10 seats are being forecast for the Senate, though a gain of six to eight is seen as more likely.

“Caveats aside, Democrats are in deep trouble,” commented veteran *Washington Post* political columnist Dan Balz.

Regardless of the specific outcome, major personnel changes are likely in the makeup of the many congressional committees whose detailed decisions on health, the environment, food safety and consumer products affect virtually every industry and every company in the country.

The Kellen Company, through its government affairs division, John Adams Associates, monitors the activities of more than 20 specialized House and Senate committees on behalf of clients and will report on key changes in policies and personnel as they occur.

## ***Tax battles ahead***

The Administration is reportedly considering new tax cuts in the hope of shoring up its election prospects in November.

Mike Pence of Indiana, the third-ranking Republican in the House, again made clear this week that if the Republicans win, “the first thing we will do is try to preserve the tax relief of 2001 and 2003 for all Americans – for all small businesses and family farmers.”

This message has been hammered home so successfully that the *Washington Post* reported September 3 that “the White House is seriously weighing a package of business tax breaks – potentially worth hundreds of billions of dollars – to spur hiring and combat Republican charges that Democratic tax policies hurt small businesses.”

Among options the Administration is said to be considering are a temporary payroll-tax holiday and a permanent extension of the expired research-and-development tax credit.

According to the *Post*, the White House is now planning a series of economic events to defuse complaints among Democrats that “the President is fumbling the issue most important to voters.”

## ***Big spenders***

This will be a record year for campaign expenditures by both industry and labor groups, with both planning to spend more than \$100 million. The US Chamber of Commerce, which alone has pledged \$75 million, will be focusing on 10 Senate races and some 40 House seats, according to a spokesman. Chamber president Tom Donohue says it will be “the most aggressive voter-education and issue-advocacy effort in our nearly 100-year history.”

The major unions, meanwhile, have pooled their resources to create a war chest of at least \$100 million to support union-friendly candidates in November in many of the same battleground states such as Ohio, Pennsylvania, Indiana, California and Florida.

The Chamber’s focus, like the rest of the business community, is on jobs and taxes, with a special Labor Day push to highlight “barriers to job creation.” In a letter to President Obama and the congressional leadership, Donohue urged support for at least a temporary extension of all the tax relief passed in the past 10 years. “In one bold, swift move, this would substantially boost investor, business and consumer confidence and would infuse our economy with fresh momentum,” he wrote.

## ***Labor Day laments***

Around this time every year, the National Association of Manufacturers issues its Labor Day report on what it describes as anti-labor policies. NAM president John Engler, the former governor of Michigan, this year expressed his concern that unemployment remains well above 9 percent “and there are few indications people will go back to work anytime soon.”

To strengthen growth, employment and wages, the NAM report urges special attention to the following areas:

- Extension of the 2001 and 2003 tax cuts.
- EPA’s proposed new regulations to control greenhouse gases that would raise energy costs.

- The unintended consequences of the new health care law with its numerous mandates on employers, insurers and consumers.
- Need for an ambitious trade agenda to expand global market share for US exporters.
- Labor policies such as the Employee Free Choice Act (card-check) that “could rob the US economy of its dynamic growth potential.”

(NAM’s Labor Day 2010 report can be found at [www.nam.org](http://www.nam.org).)

## ***Lame-duck fears***

After election day (November 2) there will now be a so-called lame-duck session of Congress at which controversial legislation blocked during the regular sessions of Congress could be quickly passed before the new Congress convenes in January. Republicans were unsuccessful in their efforts to block this special session, which was reportedly pushed by the White House and Democratic leaders.

Legislation likely to come up for a vote in this November-December session includes the cap-and-trade climate bill, a national energy tax, card-check (instead of a secret ballot) for unions, more stringent security regulations for chemical plants, and amnesty for illegal immigrants – a grab-bag described by Republicans as “a post-election blitz of deficit spending, job-killing liberal policies and tax hikes on families and small businesses.”

## ***Green Guide warning***

A new set of so-called Green Guides that are used by the FTC to guide enforcement of existing laws could radically reshape how far marketers can go in painting their products, packaging or even corporate images green, according to a report in the latest *Advertising Age*.

According to an advertising-law specialist quoted by the paper, the new guides “could render most of the more than 300 environmental seals of approval now on packaging and products largely useless and possibly in violation of FTC standards.” They could also influence efforts by retailers such as Wal-Mart to institute sustainability-rating systems for their products.

The guides --expected to be issued by the end of September-- will likely tighten standards for packaging claims such as "recyclable" or "biodegradable"; regulate how marketers use such terms as "carbon neutral"; and how quickly and close to the source of carbon output "carbon offsets" must be executed, the paper notes.

Issuance of the guidelines will almost certainly increase enforcement and litigation around green issues, according to the lawyer.

The FTC said the new guidelines will be published in the Federal Register and will invite public comment before being finalized.

## ***Bush again in limelight***

A few days after the election, former President George W. Bush will be back in the limelight with publication of his memoirs, titled “Decision Points.” Promotion of the book will begin November 8 with a one-hour, prime-time special on NBC hosted by Matt Lauer. Other media interviews and a book tour will follow. Bush is expected to comment on current policy issues for the first time since leaving office.

## ***50 Most Vulnerable House Seats:***

<u>District</u>	<u>Incumbent/Party</u>
AL	2nd Bobby Bright (D)
AZ	1st Ann Kirkpatrick (D)
AZ	5th Harry Mitchell (D)
AZ	8th Gabrielle Giffords (D)
AR	1st (Open) Marion Berry (D)
AR	2nd (Open) Vic Snyder (D)
CO	4th Betsy Markey (D)
DE	At-Large (Open) Mike Castle (R)
FL	8th Alan Grayson (D)
FL	24th Suzanne Kosmas (D)
HI	1st Charles Djou (R)
ID	1st Walt Minnick (D)
IL	10th (Open) Mark Kirk (R)
IL	14th Bill Foster (D)
IN	8th (Open) Brad Ellsworth (D)
IN	9th Baron Hill (D)
KS	3rd (Open) Dennis Moore (D)
LA	2nd Anh "Joseph" Cao (R)
LA	3rd (Open) Charlie Melancon (D)
MD	1st Frank Kratovil (D)
MI	1st (Open) Bart Stupak (D)
MI	7th Mark Schauer (D)
MS	1st Travis Childers (D)
NV	3rd Dina Titus (D)
NH	1st Carol Shea-Porter (D)
NH	2nd (Open) Paul Hodes (D)
NJ	3rd John Adler (D)
NM	2nd Harry Teague (D)
NY	13th Michael McMahon (D)
NY	23rd Bill Owens (D)
NY	24th Michael Arcuri (D)
NY	29th (Vacant) Eric Massa (D)
NC	8th Larry Kissell (D)
ND	At-Large Earl Pomeroy (D)
OH	1st Steve Driehaus (D)
OH	15th Mary Jo Kilroy (D)
OH	16th John Boccieri (D)
OH	18th Zach Space (D)
PA	3rd Kathleen Dahlkemper (D)
PA	4th Jason Altmire (D)
PA	7th (Open) Joe Sestak (D)
PA	10th Christopher Carney (D)
PA	12th Mark Critz (D)
TN	6th (Open) Bart Gordon (D)
TX	17th Chet Edwards (D)
VA	2nd Glenn Nye (D)
VA	5th Tom Perriello (D)
WA	3rd (Open) Brian Baird (D)
WA	8th Dave Reichert (R)
WV	1st (Open) Alan Mollohan (D)

(Source: CNN)

### ***Other House Races to Watch:***

<u>District</u>	<u>Incumbent/Party</u>
CA	3rd Dan Lungren (R)
CA	11th Jerry McNerney (D)
CA	44th Ken Calvert (R)
CA	45th Mary Bono Mack (R)
CA	50th Brian Bilbray (R)
CO	3rd John Salazar (D)
CT	5th Chris Murphy (D)
FL	2nd Allen Boyd (D)
FL	12th (Open) Adam Putnam (R)
FL	22nd Ron Klein (D)
FL	25th (Open) Mario Diaz-Balart (R)
GA	8th Jim Marshall (D)
IL	6th Peter Roskam (R)
IL	11th Debbie Halvorson (D)
IN	2nd Joe Donnelly (D)
IA	3rd Leonard Boswell (D)
KY	6th Ben Chandler (D)
MA	10th (Open) Bill Delahunt (D)
MI	3rd (Open) Vernon Ehlers (R)
MI	9th Gary Peters (D)
MN	1st Tim Walz (D)
MN	3rd Erik Paulsen (R)
MN	6th Michele Bachmann (R)
MO	4th Ike Skelton (D)
NE	2nd Lee Terry (R)
NJ	7th Leonard Lance (R)
NM	1st Martin Heinrich (D)
NY	1st Tim Bishop (D)
NY	19th John Hall (D)
NY	20th Scott Murphy (D)
NY	25th Dan Maffei (D)
NC	11th Heath Shuler (D)
OH	6th Charlie Wilson (D)
OH	12th Patrick Tiberi (R)
OR	5th Kurt Schrader (D)
PA	6th Jim Gerlach (R)
PA	8th Patrick Murphy (D)
PA	11th Paul Kanjorski (D)
PA	15th Charlie Dent (R)
PA	17th Tim Holden (D)
SC	5th John Spratt (D)
SD	At-Large Stephanie Herseth Sandlin (D)
TN	4th Lincoln Davis (D)
TN	8th (Open) John Tanner (D)
TX	23rd Ciro Rodriguez (D)
UT	2nd Jim Matheson (D)
VA	9th Rick Boucher (D)
VA	11th Gerry Connolly (D)
WI	7th (Open) David Obey (D)
WI	8th Steve Kagen (D)

(Source: CNN)