

Government Withholding Relief Coalition

June 9, 2011

TO THE MEMBERS OF THE UNITED STATES SENATE:

The Government Withholding Relief Coalition and its member organizations strongly support Amendment 405 to S. 782, authored by Senators Scott Brown and Olympia Snowe, which would repeal a sweeping new tax withholding requirement that is scheduled to take effect on January 1, 2013.

The three percent withholding law, which was enacted in Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) as Section 3402(t) of the Internal Revenue Code, mandates that federal agencies, states, and certain local governments withhold three percent of nearly all of their contract payments, Medicare payments, and farm payments. Compliance with this law will impose significant, unnecessary financial burdens on both the public and private sectors.

The withholding is a flat percentage of revenues from government payments, bears no relationship to companies' taxable incomes, and will restrict cash flow needed for day-to-day operations and investments. In addition, the administrative and capital investment costs that compliance with three percent withholding will impose on businesses and governments will be substantial, and the mandate will be exceedingly complicated to implement. Three percent withholding will be especially burdensome for small businesses.

With the withholding mandate scheduled to take effect on January 1, 2013, businesses and governments are expending limited resources now in order to make the major system and process changes needed to implement this provision. This is a particular challenge for cash-strapped state and local governments.

This harmful provision will hamper our work on behalf of the public, and the Government Withholding Relief Coalition and its member organizations request your support for the amendment to repeal the withholding requirement.

Sincerely,

Government Withholding Relief Coalition

- Aeronautical Repair Station Association
- Aerospace Industries Association
- Air Conditioning Contractors of America
- Air Transport Association
- Airports Council International-North America
- America's Health Insurance Plans
- American Ambulance Association
- American Bankers Association
- American Clinical Laboratory Association
- American Concrete Pressure Pipe Association
- American Congress on Surveying and Mapping
- American Council on Education
- American Council of Engineering Companies
- American Farm Bureau Federation
- American Gas Association
- American Health Care Association
- American Institute of Architects
- American Logistics Association
- American Medical Association
- American Moving and Storage Association
- American Nursery and Landscape Association
- American Road & Transportation Builders Association
- American Society of Civil Engineers
- American Subcontractors Association
- American Supply Association

- American Traffic Safety Services Association
- American Trucking Associations
- Armed Forces Marketing Council
- Associated Builders and Contractors
- Associated Equipment Distributors
- Associated General Contractors of America
- Association of Management Account Executives
- Association of National Account Executives
- Association of School Business Officials International
- Business and Institutional Furniture Manufacturers Association
- CTIA-The Wireless Association
- California Association of Public Purchasing Officers
- Coalition for Government Procurement
- Colorado Motor Carriers Association
- Computing Technology Industry Association
- Construction Contractors Association
- Construction Employers' Association of California
- Construction Industry Round Table
- Construction Management Association of America
- Design Professionals Coalition
- Edison Electric Institute
- Electronic Security Association
- Engineering & Utility Contractors Association
- Federation of American Hospitals
- Financial Executives International's Committee on Government Business
- Financial Executives International's Committee on Taxation
- Finishing Contractors Association
- Gold Coast Hispanic Chamber of Commerce
- Government Finance Officers Association
- Heating, Airconditioning & Refrigeration Distributors International
- IPC—Association Connecting Electronics Industries
- Independent Electrical Contractors, Inc.
- International City/County Management Association
- International Council of Employers of Bricklayers and Allied Craftworkers
- International Foodservice Distributors Association
- International Municipal Lawyers Association
- Management Association for Private Photogrammetric Surveyors
- Mason Contractors Association of America
- Mechanical Contractors Association of America
- Medical Group Management Association
- Messenger Courier Association of the Americas
- Miami Dade County
- Modular Building Institute
- Munitions Industrial Base Task Force
- National Asphalt Pavement Association
- National Association for Self-Employed
- National Association of Counties
- National Association of Credit Management
- National Association of Educational Procurement
- National Association of Energy Services Companies
- National Association of Government Contractors
- National Association of Manufacturers
- National Association of Minority Contractors
- National Association of State Auditors, Comptrollers and Treasurers
- National Association of State Chief Information Officers
- National Association of State Procurement Officials
- National Association of Surety Bond Producers
- National Association of Wholesaler-Distributors
- National Beer Wholesalers Association
- National Corn Growers Association
- National Council for Public Procurement and Contracting
- National Defense Industrial Association
- National Electrical Contractors Association
- National Electrical Manufacturers Association
- National Emergency Equipment Dealers Association
- National Federation of Independent Business
- National Institute of Governmental Purchasing
- National Italian-American Business Association

- National League of Cities
- National Mining Association
- National Precast Concrete Association
- National Office Products Alliance
- National Ready Mixed Concrete Association
- National Roofing Contractors Association
- National School Transportation Association
- National Small Business Association
- National Society of Professional Engineers
- National Society of Professional Surveyors
- National Utility Contractors Association
- National Wooden Pallet and Container Association
- New Jersey Chamber of Commerce
- North-American Association of Uniform Manufacturers & Distributors
- North Coast Builders Exchange
- Office Furniture Dealers Alliance
- Oregon Trucking Association
- Owner Operator Independent Drivers Association
- Plumbing-Heating-Cooling Contractors – National Association
- Printing Industries of America
- Professional Services Council
- Regional Legislative Alliance of Ventura and Santa Barbara Counties
- Retail Energy Supply Association
- Santa Rosa Chamber of Commerce
- Security Industry Association
- Service Disabled Veteran Small Business Council
- Sheet Metal and Air Conditioning Contractors National Association, Inc.
- Shipbuilders Council of America
- Small Business & Entrepreneurship Council
- Small Business Legislative Council
- TechAmerica
- Textile Rental Services Association of America
- The Association of Union Constructors
- The Distilled Spirits Council of the U.S.
- The Financial Services Roundtable
- U.S. Chamber of Commerce
- United States Telecom Association
- Veterans Entrepreneurship Task Force
- Water and Wastewater Equipment Manufacturers Association
- Women Construction Owners & Executives
- Women Impacting Public Policy